Herald Tribune
INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper ** Paris, Monday, February 26, 1996 No. 35,144

2 Bombs in Israel Kill 26, Peres Jeered as 'Traitor'

By Barton Gellman
Washington Post Service

JERUSALEM — Powerful explosions destroyed a packed commuter bus in Jerusalem and a hitchhiking post for soldiers near the coastal city of Ashkelon on Sunday morning, killing at least 26 people and wounding scores, several of them seriously.

The Jerusalem blast was audible for miles. Many Israelis, accustomed to frequent jet fighter overflights, instinctively listen after an explosion for the duller roar that follows an aircraft's sonic boom. When none came on Sunday morning, the city switched on its radios and people began streaming toward the blast site on Jaffa Road, between the central bus station and the international convention center.

Hundreds of demonstrators screamed and jeered when they caught sight of Prime Minister Shimon Peres or heard rumors that he had arrived at the site.

"Traitor! Traitor! Traitor!" the chant began, and then demonstrators competed, some laughing and some red-faced with rage, in appeals to the crowd's frustration and contempt.

"Rabin is waiting for Peres!" they screamed. "Peres is next!"

The high toll and particular horror of the two attacks, even compared with previous bus bombings, were seen by nearly all commentators as at least a momentary blow to Mr. Peres and his recently launched campaign for re-election on May 29.

[Two U.S. citizens were among the dead, Reuters reported, quoting a spokesman for the U.S. Embassy. He identified them as Mattityahu Eisenfeld, 25, of Hartford, Connecticut, and his girlfriend, Sarah Duker, in her 20s, of Teaneck, New Jersey.]

So much has happened in the seven months since the last such attack — including the assassination of Yitzhak Rabin, the Israeli Army pullback from the West Bank, and the election of Yasser Arafat as Palestinian leader — that pollsters said it was hard to judge the long-term political response.

Nearly all the political violence of the last two years has been a backlash by members of the losing sides of the Israeli and Palestinian domestic debates over peace. The Hebron massacre, Mr. Rabin's slaying and a series of suicide bombings by the Hamas and Islamic Jihad groups were all aimed by their authors at disrupting the process of accommodation backed by both majorities — albeit slim ones at times.

The coordinated suicide bombings on Sunday made a charnel house of Jerusalem's northern traffic hub and inflicted the costliest day of terror on Israel since mutual recognition with the Palestine Liberation Organization in 1993.

Anonymous callers from the Islamic Resistance Movement, Hamas, told Israel Radio's Arabic service and Reuters agency that Sunday's bombings were meant to avenge the Jan. 5 slaying of the Hamas bomb-builder Yehiya Ayash with a booby-trapped cellular telephone.

The Jerusalem blast inflicted most of the deaths, 24, and left nothing of the bus but a twisted steel skeleton. Glass, flesh, upholstery and aluminum siding were flung hundreds of yards in the 6:45 A.M. explosion., blasting debris through car and apartment windows and onto nearby roofs and balconies.

On a third-floor balcony a long city block from the bus, a weeping young woman swept her third-floor balcony obsessively.

Avi Huja, 24, stood traumatized near his mangled van, just behind and to the right of the bus. He said he ran from the scene after the bus erupted in flames, but returned to see if he could help. He

See ISRAEL, Page 9



Menahem Kahana/Agence France-Presse

Rescuers looking for victims of the terrorist bombing on a crowded commuter bus in Jerusalem on Sunday.

U.S. Condemns Cuban Air Attacks

Compiled by Our Staff From Dispatches

WASHINGTON — The United States said Sunday that the downing by the Cuban Air Force of two small unarmed civilian planes piloted by anti-Castro activists was a "lawless and tragic" act that would not go unanswered.

After Cuba confirmed the downing of two "pirate planes," Secretary of State Warren M. Christopher said that President Bill Clinton was considering punitive steps against the Castro government and was seeking United Nations Security Council action.

Cuba committed a "totally unjustified downing of these two unarmed, small aircraft," Mr. Christopher said at the White House, calling it a "blatant violation of international law."

Mr. Christopher, who said the planes were over international waters, did not rule out a military response.

Cuba confirmed Sunday that its warplanes shot down the two aircraft belonging to an exile group flying off the coast of Havana on Saturday.

José Ponce, a spokesman for the Cuban Interests section in Washington, told CNN he had been "surprised" to hear Mr. Christopher say the planes were downed over international waters.

"It was Cuban national waters," Mr. Ponce said.

Asked whether Cuba had evidence of its claim, Mr. Ponce replied, "We have, and we will present it in due course."

The U.S. Coast Guard and Navy were searching international waters for the four people aboard the planes.

Mr. Clinton dispatched F-15 fighters to protect search and rescue operations.

"I condemn this action in the strongest possible terms," Mr. Clinton said.

The attack brought Cuban-American relations to the forefront just two weeks before Florida's presidential primary, and Republican candidates and some in Congress sought to put pressure on the administration to impose tighter sanctions on the government of Fidel Castro.

"Instead of siding with Castro in opposing tougher sanctions, President

See CUBA, Page 9

Time of Truth in the Republican Race

By David S. Broder and Dan Balz
Washington Post Service

WASHINGTON — After months of anticipation and protracted battles in Iowa and New Hampshire, the fight for the Republican presidential nomination is about to hit warp speed. The four contests this week will set the stage for a month of big-state battlegrounds that finally will determine the party's nominee.

This week's primaries will help to establish the resiliency of the Senate majority leader, Bob Dole, the breadth of appeal of Patrick J. Buchanan, the political commentator, and the credentials of former Governor Lamar Alexander of Tennessee and of Steve Forbes, the magazine publisher, as serious contenders for the nomination. Contests Tuesday in Arizona, North Dakota and South Dakota will precede voting in South Carolina on Saturday — a battle that has become so important to all the campaigns that some are calling it the Dixie version of New Hampshire.

Any candidate who can put together a string of victories over the next week will gain a significant advantage on the rest of the field when the campaign moves toward major states such as Georgia, New York, Florida, Texas and the industrial states of the Midwest later in March.

The losing candidates may hang around to compete in those big states, but recovery becomes more difficult and significantly more expensive.

Before the Iowa caucuses and the New Hampshire primary, Mr. Forbes had used his advertising muscle to take an early lead in Arizona, while Mr. Dole established himself as the man to beat in the other three states. Mr. Forbes won

See CAMPAIGN, Page 9

Libya Readies Chemical Weapons Plant

By Tim Weiner
New York Times Service

WASHINGTON — Libya is close to completing a huge underground chemical weapons plant in a hollowed-out mountain 64 kilometers southeast of Tripoli, U.S. intelligence officials say.

Colonel Moammar Gadhafi, the Libyan leader, says the project is an irrigation system. Western intelligence services say that is nonsense.

The subterranean plant is the world's largest, the intelligence officials said, and might be completed in 1997 or 1998. They said it covers 15 square kilometers (6 square miles), and already stores most of Libya's stockpile of chemical weapons — about 100 tons. If it goes into operation, the plant will be able to produce the ingredients for tons of poison gas a day, the officials said.

Though the Central Intelligence Agency has not been able to photograph the plant, at Tarhunah, German intelligence services have obtained copies of construction plans and building specifications. The German services obtained them from a number of German and Austrian companies that provided personnel and equipment to help build the tunnel for the plant.

Libya has refused to sign a 1993 United Nations convention banning the use, development and storage of chemical weapons. It is one of 18 nations working on chemical weapons programs, said the CIA director, John M. Deutch.

Mr. Deutch briefly mentioned the Libyan site, which he called "the world's largest underground chemical weapons plant," in testimony Thursday before the Senate Intelligence Committee.

He listed Libya just after Iran, Iraq and North Korea as "rogue nations" that posed a threat to the world.

Libya has been working on chemical and biological weapons since the early 1980s. It built a weapons plant at Rabta, southwest of Tripoli, with the assistance of German companies. That plant, which Libya said was a factory for pharmaceuticals, made an estimated 100 tons of chemical weapons, said a former CIA

See LIBYA, Page 9

In Indiana, the War Over Jimmy's Ear

By Dale Russakoff
Washington Post Service

FULTON, Indiana — When it all began, Jimmy Hines Jr. was a little boy who adored his father and wanted to be just like him. He was named for his father, cut his hair like his father's, dressed like his father, rode dirt bikes with his father and on his ninth birthday had his left ear lobe pierced so that he could wear a small, gold stud earring, also like his father.

But in this tiny community in the cornfields of north-central Indiana, the school board has defined "community values" to be at odds with the Hineses' family values.

Here, the board ruled, earrings are female attire. Allowing boys to wear them, board members said in court, would open their world to gangs, cults, drugs, homosexuals and rebellion.

With politicians as diverse as President Bill Clinton and Patrick J. Buchanan embracing community values and family values as solutions for what ails America, little has been said about the potential conflict between the two.

But as an Indiana appellate judge wrote recently in the case of Hines v. Caston School Corp., the conflict is inherent in American life, surfacing even "upon a field so small as [Jimmy Hines's] earlobe."

Jimmy, now 13, was suspended from Caston Elementary School in the fall of 1992 for violating a dress code banning "jewelry or other attachments not consistent with community standards."

His parents sued the school board, charging sex discrimination, and asserting Jimmy's "fundamental right to be oneself, to determine one's own identity," which they argued is implied in the Bill of Rights. Until a final ruling, Jimmy has stopped wearing his earring to school.

"Jimmy's parents simply believe that he should be able to look like his father if he wants to look like his father," said Richard Waples, a lawyer with the Indiana Civil Liberties Union, who argued the case this month in the state

See EARRING, Page 9

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Gabon	1100 CFA	Senegal	1,100 CFA
Greece	350 Dr.	Spain	225 PTAS
Italy	2,800 Lire	Tunisia	1,250 Din
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Jordan	1,250 JD	U.S. Mil. (Eur.)	$1.20

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AGENDA

British to Talk With Sinn Fein

Britain has agreed to talks on Monday in Belfast with Sinn Fein, the first since IRA guerrillas scrapped their cease-fire agreement and exploded a bomb in London two weeks ago.

Martin McGuinness of Sinn Fein said he would use the meeting to press for all-party peace talks, blocked by a long dispute over disarming the IRA. (Page 5)

PAGE TWO
Redefining the Marcos Years

THE AMERICAS Page 3.
Decoding Buchanan's Message

EUROPE Page 5.
Major's Support Keeps Eroding

Opinion Page 8. *Crossword* Page 24.
Books Page 4. *Sports* Pages 24-26.
International Classified Page 10.
KUWAIT: A Sponsored Section Pages 11-18.

Japanese Struggle to Keep Nuclear Project on Track

By Andrew Pollack
New York Times Service

TOKYO — Two months after an accident at its prototype reactor, Japan's program to use plutonium to provide a virtually inexhaustible supply of energy is at a crossroads and could be in danger of collapse.

Even the most optimistic officials think it will take three years to restart the fast-breeder reactor, where a leak of dangerous sodium coolant occurred in December. Other analysts think that the reactor, in Tsuruga on the coast of the Sea of Japan, will never be activated again.

Japan has spent three decades developing fast-breeder reactors, which produce more nuclear fuel than they consume, in an effort to rescue itself from its near-total dependence on imported oil and uranium.

So intent has this resource-poor country been on achieving energy independence that it has stuck with the breeder, which uses deadly plutonium as fuel, even as the United States and most other industrialized countries have abandoned such reactors, judging that they contribute to the spread of nuclear weapons, are too technologically daunting and no longer make economic sense.

But the December accident, as well as a ham-handed attempt to cover it up, has undermined public confidence in the government's assurances of safety and brought into the open serious opposition in Japan itself to the project.

Nuclear proponents and opponents agree that this political damage will take longer to repair than the damage to the reactor, named Monju after the Buddhist divinity of wisdom.

"It's not an engineering but a social problem now," said Yoichi Fujiie, a member of the Atomic Energy Commission, which sets nuclear policy.

Japan will probably not pull the plug on the plutonium energy program outright. There is too much pride and money invested for that. The government has not changed its long-term goal of developing breeders, arguing that the rapid growth of other countries in Asia will eventually exhaust the world's supply of oil and uranium, even if it takes longer than they once thought. And officials point out that virtually no ra-

See JAPAN, Page 9



Sergei Chirikov/Agence France-Presse

READY FOR LENT — Girls speeding down an icy lane in Moscow as Shrovetide, as marked by the Russian Orthodox Church, began Sunday. It lasts for the three days preceding Ash Wednesday.

A Kinder View / **Disillusioned Filipinos Reassess Past**

Redefining the Marcos Years

By Keith Richburg
Washington Post Service

MANILA — Now try to find the thousand pairs of shoes. A decade ago, when a military mutiny turned popular uprising forced Ferdinand E. and Imelda Marcos from the presidential palace, that famous shoe collection emerged as the singular defining feature of the corrupt excesses of their 20-year "conjugal dictatorship."

For the entire six-year term of Corazon C. Aquino, the widow-heroine in the trademark yellow dress who deposed them, the riverside palace called Malacanang was left exactly as it was when the Marcoses fled. The shoes were left, too, all 1,220 pairs, including the ones with the flashing neon heels worn for disco parties.

The palace was turned into a museum, and became a tourist attraction meant to remind the nation and the world of the darkest evils of dictatorship.

But now, 10 years after his ouster on Feb. 25, 1986, Ferdinand Marcos in death is enjoying something close to a Nixonesque rehabilitation.

As the political heirs to the "People Power" movement continue to squabble among themselves, and as millions of poor Filipinos continue to await the benefits of a growing economy, widespread disillusionment has set in, and with it, a kind of nostalgic hankering for a mythical golden age, before martial law, when the country was one of the richest in Asia.

Perhaps as a telling sign of that kinder historical retrospective, the Marcos palace display has been dismantled, and Malacanang has become a history museum housing the memorabilia of all past Philippine presidents. The shoes are now in storage, sealed from public view, like the upstairs disco and the clinic where Mr. Marcos received secret medical treatment. The single palace room now dedicated to the Marcos years mentions not his human rights abuses, but some of his achievements, like summit meetings with world leaders.

"He was president for 20 years, and he was duly elected," said Mae Gaffud, the museum's director.

"What rankled for quite a bit was that when you would say Malacanang overseas, what people immediately mentioned was the shoes," she said. "What we would like people to focus on instead is that Malacanang was the seat of government."

There are other important signs that the Marcos legacy is being re-examined. His widow and owner of the shoe collection, Imelda, is now a member of Congress, elected last year from her native Leyte.

Many Marcos-era officials have emerged to hold key positions in the legislature and the cabinet. And most strikingly, a recent public-opinion survey by the Social Weather Stations found that most Filipinos today view the Marcos regime favorably, ranking Mr. Marcos far higher than Mrs. Aquino on most counts.

"There has been a decline in optimism and a kind of surge in pessimism," said Senator Blas Ople, Mr. Marcos's labor minister. "Ask how they might see the next year or 18 months, and respondents say things might be worse. From a state of euphoria with Cory Aquino, they now rank her below Marcos as president. It's due to a perception as to how one lives today, versus how one lived at that time."

"His crime was martial law and repressive government," said Salvador H. Laurel, a key opposition leader who fought Mr. Marcos's dictatorial rule and who later became Mrs. Aquino's vice president. "But if you look at his 20 years, he also did a lot."

Regarding Mr. Marcos's heightened popularity, Mr. Laurel said; "What does it mean? It means that people have short memories. Or that they have forgiven, not forgotten, but forgiven. Or they think that Marcos's, compared to Aquino's administration, does not suffer too much."

Mrs. Aquino herself seems saddened and a bit perplexed by the revisionist view of the Marcos presidency.

In an interview, she said; "It's both, I guess, a weakness and a strength, this matter of Filipinos forgiving and forgetting so easily."

SHE said she preferred to focus on the positive achievements of the People Power revolt — most importantly, that the Marcos dictatorship was ousted peacefully, without a civil war, and that democratic institutions were restored.

"The improvements are there for everybody to see," she said. "Of course, it's not utopia. But it's important for Filipinos to realize that government cannot do it alone."

Indeed, the Philippines now ranks as Asia's fullest, and noisiest democracy. The press has been unshackled, although journalists are occasionally attacked for what they write and broadcast. Congress, which was a rubber stamp under Mr. Marcos, has again emerged as the rancorous center for political discourse. And even the slightest hint that the government is leaning toward authoritarianism, as happened with a recent proposal for stricter anti-terrorism laws, brings a strong outcry from the public, the press and the pulpits of the Roman Catholic Church.

There have been other notable improvements over the last decade, most of which get lost in the local penchant for rhetorical self-flagellation. Since the 1992 election of President Fidel V. Ramos, who succeeded Mrs. Aquino, the Philippines has averaged more than 5 percent annual growth, a stunning turnaround in a country where the economy either contracted or stayed flat through most of the coup-prone 1980s.

Deregulation has improved basic services in areas like telecommunications and aviation and banking. Capital is flowing into the country, not out. Once the regional laughing stock, the Philippines is now a favored place to invest.

But the country does have continuing problems. Corruption remains rife. Creeping inflation is a worry. A rice shortage last year, caused by drought and hording of stocks, caused widespread panic and forced emergency imports. Crime, including the kidnapping of dozens of Chinese businessmen in recent months, has risen.

Much of the crime is believed to be perpetrated by poorly paid police officers. Last week, the president's anti-crime task force busted a kidnap ring operating inside Camp Crame, headquarters of the Philippine National Police.

Stories like that seem only to fuel public cynicism.

"What people remember best is their recent experience — the rice crisis, the crime rate," said Mr. Ople. "Today might be marginally better than 10 years ago. But it's hard to get the public to relate that to how they feel about themselves."

Against that backdrop of national depression, enter the long shadow of Mr. Marcos.

"I think after all the hate and the columnists and the clouding of things, I think the people of this country will look a little more kindly on Marcos," said Senator Juan Ponce Enrile who, as Mr. Marcos's defense minister, led the four-day 1986 mutiny that toppled the strongman and installed Mrs. Aquino as president.

"Remove the graft and corruption sins of Marcos, and you have nothing," Mr. Enrile said in an interview. "He did very well for the country."



Mignelito Pereyra/Agence France-Presse
Imelda Marcos speaking in Manila on Sunday on 10th anniversary of the fall of her husband, Ferdinand.

COMING UP
In Wittenberg, Germany, where Martin Luther was buried 450 years ago this month, the search for the true identity of the town's preeminent native son presses on as it has for more than four centuries.

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Russians Set Troop Pullout

The Associated Press

NAZRAN, Russia — Ingush officials said Sunday that they had reached an agreement with the Russian military on the withdrawal of troops from their tiny republic, which borders on Chechnya.

Fighting has spread to Ingushetia in recent days, causing casualties and alarming the Ingush leadership.

The president of Ingushetia, Ruslan Aushev, said the accord was reached in talks on Sunday with Lieutenant General Gennadi Troshev, whose units had been shelling the mountain town of Arshty in Ingushetia since Thursday. Arshty is close to the Chechen village of Bamut, a rebel stronghold.

"I managed to convince the general that it is pointless to keep regular forces in Ingushetia," Mr. Aushev said in Nazran, the capital of Ingushetia, according to the Interfax news agency. Interfax said a withdrawal order was issued later Sunday.

According to Mr. Aushev, the violence began when Chechen rebels hiding near Arshty ambushed a Russian force trying to make its way to Bamut. General Troshev said on Russia's NTV network that 14 of his troops had been killed and 20 wounded.

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TRAVEL UPDATE

Destroyed in Denver

DENVER (AP) — A computer case coated with the same plastic used in football helmets had traveled some 150,000 miles around the world, but it was no match for the automated baggage system at Denver's new airport. The case and the $7,500 computer were mangled.

"You could have driven a plane over this case," said the owner, Peter Leabo of San Francisco. "It wouldn't have suffered this much damage if they'd thrown it out of the cargo hold over Colorado."

The case probably fell out of one of the baggage system's wheeled carts and was hit by another of the carts, which move at high speed on elevated tracks, a United Airlines spokesman said.

Mr. Leabo said the case had passed safely through airports in Australia, Europe, North America and even Kuala Lumpur during his travels.

United issued him a check for $1,200, the airline's maximum for any damaged bag.

The airport opened a year ago, several months late, in part because the baggage system kept chewing up and ejecting suitcases.

Monorail Check-In

PARIS (IHT) — American Airlines has opened a check-in facility at the Paris Orly airport for passengers arriving by the "Orlyval" monorail link to the regional express line serving Paris.

The check-in is for passengers with carry-on baggage only. The airline says about 50 passengers a day are using the service.

USAir and Trans World Airlines have been awarded rights to provide service to Toronto, the U.S. Transportation Department said. *(AP)*

Two new direct flights from Belfast to the United States will operate during the summer, a tour company, Travel the Atlantic, said Sunday in Belfast. World Airways will operate the weekly flights to Los Angeles and Philadelphia. *(AP)*

Flights at Geneva's Cointrin airport were halted for 90 minutes on Sunday after a light aircraft landed on the runway with its landing gear up. No one was injured. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Cyprus, Greece, Kuwait.
TUESDAY: Dominican Republic.
FRIDAY: South Korea, Paraguay, Uruguay.
SATURDAY: Burma, Ethiopia, Georgia, Libya.
SUNDAY: Morocco.

Sources: J.P. Morgan, Reuters.

WEATHER

Europe

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Algarve	13/55	6/43 pc	14/57	7/44 c
Amsterdam	4/39	1/34 r	3/37	-1/31 pc
Ankara	6/43	-4/25 r	6/43	-3/27 c
Athens	12/53	8/43 c	13/55	7/44 sh
Barcelona	14/57	6/43 c	13/55	6/43 c
Belgrade	7/44	-1/31 c	7/44	-1/31 c
Berlin	6/43	0/32 c	7/44	1/34 c
Brussels	6/43	1/34 r	4/39	-1/31 pc
Budapest	3/37	-1/31 c	4/39	-1/31 pc
Copenhagen	4/39	-1/31 c	4/39	-2/29 c
Costa Del Sol	14/57	6/43 pc	14/57	7/44 c
Dublin	6/43	-1/31 pc	7/44	2/35 sh
Edinburgh	4/39	-2/29 pc	4/39	-2/27 pc
Florence	13/55	4/39 c	13/55	4/39 c
Frankfurt	2/35	-1/31 c	2/35	-2/29 c
Geneva	4/39	1/34 sh	4/39	1/34 sh
Helsinki	0/32	-7/20 c	1/34	-5/24 c
Istanbul	7/44	1/34 c	8/46	2/35 c
Las Palmas	19/66	13/55 c	20/68	14/57 c
Lisbon	12/53	6/43 pc	13/55	8/46 c
London	8/46	2/35 pc	7/44	-1/31 sh
Madrid	10/50	3/37 sh	11/52	0/32 pc
Milan	11/52	3/35 pc	10/50	2/35 c
Moscow	0/32	-7/20 c	-2/29	-8/18 pc
Munich	7/44	1/34 sh	6/43	1/34 sh
Nice	14/57	5/41 pc	13/55	4/39 c
Oslo	0/32	-7/20 pc	2/35	-4/25 c
Mallorca	13/55	6/43 c	11/52	5/41 c
Paris	8/46	2/35 r	8/46	3/37 c
Prague	3/37	-2/29 c	4/39	-2/29 c
Reykjavik	-1/31	-6/22 c	-1/31	-3/27 sn
Rome	11/52	6/43 c	12/53	6/46 sh
St. Petersburg	-4/25	-9/16 c	-3/29	-7/20 pc
Stockholm	2/35	-1/31 sn	0/32	-3/29 sn
Strasbourg	6/46	-1/31 pc	7/44	-1/31 c
Tallinn	-1/31	-6/22 c	0/32	-4/25 c
Venice	8/46	3/37 pc	8/46	4/39 c
Vienna	6/43	1/34 c	6/43	1/34 pc
Warsaw	0/32	-3/27 c	2/35	-3/27 pc
Zurich	7/44	0/32 c	7/44	0/32 c

Oceania

Auckland	23/73	16/61 r	23/73	15/59 pc
Sydney	25/77	19/66 pc	29/78	19/64 pc

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream — Unseasonably Cold — Unseasonably Hot — Heavy Rain — Heavy Snow

North America
Rain will visit Chicago Tuesday followed by arctic cold Wednesday and Thursday. The cold air will rush into Toronto, Boston and New York City after some rain Tuesday and Wednesday. Vancouver and Seattle will be mostly dry, but cold, while heavy rain moves into California.

Europe
Windy with periods of rain, and in some places snow, across the British Isles Tuesday followed by drier weather Wednesday and Thursday. The rain will dampen parts of France Tuesday and Wednesday with showers across Spain and Portugal. Occasional rain across Italy.

Asia
Episodes of flurries and snow will affect Manchuria and northern Japan. Mainly dry but chilly to cold at Beijing and across both Koreas. Hong Kong and southeast China will be a bit warmer with a few showers, while Singapore will have some sunshine and a thunderstorm any day.

Middle East

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Abu Dhabi	29/79	18/64 pc	24/75	18/64 c
Beirut	16/61	10/50 pc	15/59	10/50 pc
Cairo	18/61	8/46 c	16/61	9/48 pc
Damascus	10/50	4/39 c	12/53	3/37 pc
Jerusalem	12/53	7/44 pc	12/53	7/44 pc
Luxor	24/75	5/41 s	25/79	10/50 pc
Riyadh	25/77	18/61 pc	25/77	14/57 c

Africa

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Algiers	13/55	10/50 r	12/53	8/46 c
Cape Town	24/75	14/57 s	25/82	15/64 s
Casablanca	10/50	6/43 c	10/50	4/39 c
Harare	21/70	8/46 pc	24/75	7/44 pc
Lagos	32/89	25/79 s	31/88	25/79 pc
Nairobi	25/77	11/52 pc	27/80	13/55 pc
Tunis	15/59	10/50 r	14/57	8/46 r

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, f/cs, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1996

Asia

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Bangkok	33/91	23/73 pc	34/93	23/73 pc
Beijing	6/43	-4/25 s	7/44	-3/27 s
Hong Kong	10/50	7/44 r	12/53	8/46 r
Manila	32/89	23/73 pc	32/89	23/73 pc
New Delhi	23/73	11/52 pc	27/80	12/53 s
Seoul	4/39	-4/25 pc	2/35	-6/22 s
Shanghai	8/46	-1/31 c	11/52	-1/31 s
Singapore	29/84	23/73 pc	29/84	24/75 pc
Tbilisi	18/64	14/57 r	18/64	13/55 c
Tokyo	9/48	1/34 pc	8/46	-1/31 r

Latin America

Buenos Aires	29/84	19/66 s	31/88	19/66 pc
Caracas	28/82	19/64 pc	29/84	19/64 s
Lima	27/80	21/70 pc	26/79	21/70 pc
Mexico City	24/75	7/44 s	24/75	7/44 pc
Rio de Janeiro	29/84	24/75 pc	30/86	24/75 pc
Santiago	30/86	10/50 s	29/84	10/50 s

North America

Anchorage	-2/29	-8/18 pc	3/37	-6/22 pc
Atlanta	24/75	14/57 pc	23/73	11/52 pc
Boston	10/50	2/35 s	14/57	4/39 pc
Chicago	13/55	6/43 r	8/46	-6/22 sn
Denver	1/34	-13/9 c	2/35	-16/4 sf
Detroit	11/52	3/37 sn	9/48	-1/31 r
Honolulu	28/82	20/68 pc	28/82	19/66 pc
Houston	27/80	18/64 c	24/75	13/55 c
Los Angeles	19/66	8/46 sh	17/62	8/43 pc
Miami	29/84	19/66 s	29/84	19/66 s
Minneapolis	1/34	-4/25 c	-3/27	-16/4 c
Montreal	1/34	-9/23 s	7/44	-4/25 pc
Nassau	27/80	19/66 pc	27/80	21/70 pc
New York	12/53	4/39 pc	16/61	7/44 pc
Phoenix	14/57	8/43 c	17/62	7/44 pc
San Fran.	11/52	3/37 pc	12/53	6/43 r
Seattle	6/43	-4/25 s	5/41	-6/24 pc
Toronto	2/35	0/32 c	8/46	-3/27 r
Vancouver	3/37	-2/29 s	3/37	-3/29 pc
Washington	19/66	9/48 c	21/70	8/48 r

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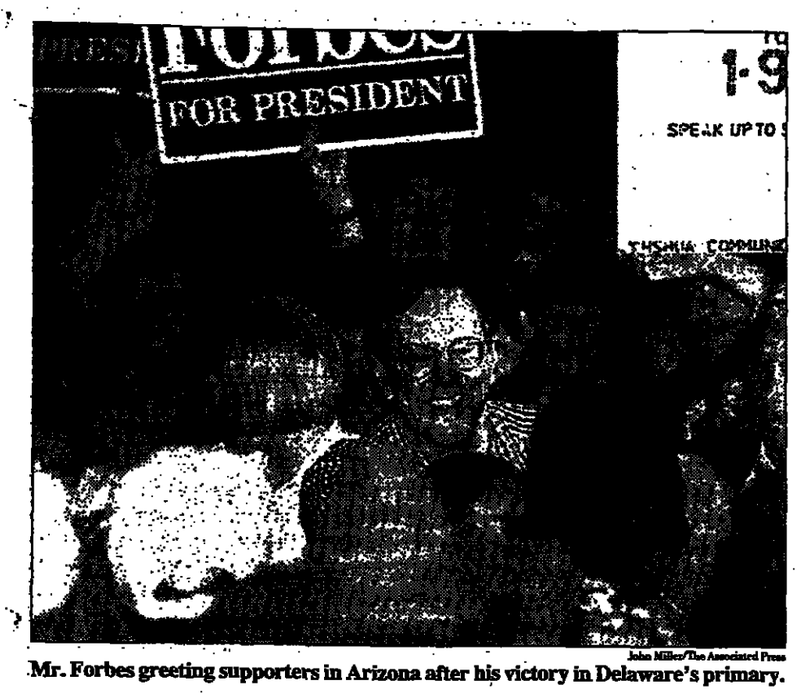
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Armenia	8-10-155	El Salvador	800-1776	Luxembourg	0800-0113	South Africa +	0-800-99-0011
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Bahrain	800-777	Guam	950-1366	Netherlands +	06-022-9119	Thailand	001-999-13-877
Barbados ★	1-800-534-8042	Guatemala +	195	New Zealand	000-999	Turkey +	00-800-1-4477
Belgium +	0800-10014	Honduras ▲	121	Nicaragua (Managua)	177	Ukraine	8-100-15
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Belize (all other) ◇	812	Hungary +	00◆800-01-877	Panama	115	U.S.A.	1-800-877-8000
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Bolivia	0800-3333	India +	000-137	Philippines (ISPT stations only) ◇	105-01	United Kingdom (BT)	0500-89-0877
Brazil	000-8016	Indonesia (Indosat)	001-801-15	Philippines (PhilCom) ▲	102-611	United Kingdom (Mercury)	0500-89-0877
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THE AMERICAS



John Miller/The Associated Press

Mr. Forbes greeting supporters in Arizona after his victory in Delaware's primary.

Forbes Wins Delaware Vote, Making Race More Confused

By Dan Balz
Washington Post Service

WASHINGTON — The magazine publisher Steve Forbes won the Delaware presidential primary, a contest that was ignored by all the major candidates in the Republican field.

Mr. Forbes, the only candidate who spent time and advertising money in the state last week, led the field in light voting Saturday, and his victory — 32.9 percent of the slightly more than 32,500 votes cast — added yet another element of unpredictability to the fight for the party's presidential nomination.

Senator Bob Dole of Kansas, who had the support of party officials in the state and was ahead in the final public-opinion poll taken before the actual balloting, ran second, with 27.2 percent. The conservative columnist Patrick J. Buchanan finished third, with 18 percent, while former Governor Lamar Alexander of Tennessee ran fourth, with 13 percent.

With his victory, Mr. Forbes won all 12 of Delaware's delegates to the Republican nominating convention. So far, 78 convention delegates have been chosen; it will take 996 to win the nomination. Mr. Buchanan leads with 27 delegates, to 17 for Mr. Forbes, 16 for Mr. Dole and 9 for Mr. Alexander. The rest are divided among minor candidates.

Mr. Forbes was campaigning in Arizona, where the primary on Tuesday has become a hotly contested event, when he received word of his victory.

"We just got the news from the primary that they held in Delaware," he told several hundred supporters at Trail Dust Town, a Wild West tourist attraction. "We won that primary, and with your help we're going to do it again Tuesday. With your help we are going to get the mandate to move America ahead."

The Delaware result likely guarantees Mr. Forbes, a political novice who has spent more than $20 million from his personal fortune, will remain in the Republican nomination fight indefinitely. That prospect could complicate efforts by Senator Dole, the one-time front-runner, and Mr. Alexander to slow down Mr. Buchanan in upcoming primaries. Mr. Buchanan's opponents believe he cannot prevail in a nomination fight reduced to just two candidates, but in a three- or four-man field, his strong support among the most conservative Republican voters could be enough to give him the margin of victory in many states.

Mr. Dole, campaigning in Arizona, played down the Forbes victory. "Delaware is certainly a great state," he said. "But we never had a chance to campaign there. I think if we place second we did pretty well."

After last week's primary in New Hampshire, Mr. Buchanan, Mr. Alexander and Senator Dole concentrated on Tuesday's contests in Arizona, South Dakota and North Dakota and on other upcoming states.

In Delaware Mr. Forbes picked up support among wealthy voters and among those who said taxes was an important issue, according to exit polls conducted by Voter News Service and reported by the Associated Press. About half of the Republican voters said they favored a flat tax, which Mr. Forbes has made a center of his campaign.

The Results

The tally with all of Delaware's precincts reported.

Steve Forbes	32.9%
Bob Dole	27.2%
Patrick Buchanan	18%
Lamar Alexander	13%
Alan Keyes	5%
Richard Lugar	2%

Republicans in Congress Split on Tactics

By Jerry Gray
New York Times Service

WASHINGTON — With Republican presidential candidates ignoring the Contract With America, the party's leadership in the House and the Senate is divided over how to recover the initiative in Congress and pass some of their legislative agenda without helping President Bill Clinton's re-election chances.

For the session that convenes Tuesday, Speaker Newt Gingrich and other Republican leaders in the House will be following a plan that is far less aggressive than the 100-day, forced march that they made last session and one that no longer invokes the Contract, the ambitious legislative program drafted by House conservatives.

But they still intend to confront the administration with strategies that led to the stalemate and government shutdowns during the last session, including a demand that raising the debt ceiling be tied to changes in the welfare system.

Senate Republicans will have a more traditional approach than they took last session after Mr. Clinton survived the budget war unscathed.

"I heard one colleague say that some people were running away from the Contract with America like scalded cats," said Representative Matt Salmon, a first-term Republican from Arizona and a rising political star in conservative circles.

Locked in a budget war with Mr. Clinton, Republicans have taken most of the public blame for months of budgetary gridlock and have been sobered by a string of defeats.

So Republican leaders in Congress spent two days last week redrawing their legislative approach

At a series of meetings, the House leadership began preparing an agenda with fewer issues, instead of trying to change the whole political landscape in one swoop.

Among the issues are an omnibus bill that would cover the six remaining spending bills for 1996 and a permanent extension of the debt ceiling as part of legislation that makes sweeping changes in the welfare and Medicaid programs. Mr. Gingrich said House Republicans will not settle on a final plan until they confer again this week.

"Republicans and conservatives have been following a suicidal strategy for the last year," Donald Devine, a director of The American Conservative Union and a senior consultant to the presidential campaign of Senator Bob Dole, said at the Conservative Political Action Conference in Washington. "We tried to run the government from Congress," he said. "That has only been done once in American history, during Reconstruction when the Republicans had a two-thirds majority in both houses. Political Science 101 — you fail if you try to run the government from Congress when you don't have two-thirds and the president is from the other party. But that's what we did the last year."

In the Senate, there have been similar, although less formal, discussions among Republicans about the 1996 budget and the debt ceiling. But any hard decisions have been delayed because of the campaign schedule of Senator Dole, the majority leader, who is fighting to maintain his status as front-runner for the nomination.

This political retooling comes at a time when morale among Republicans is at a low and an internecine fight among candidates for the party's presidential nomination has left a chorus of conservative Republicans yearning for the heady days of success that came with the Contract with America.

"We have lost our way and we need to get it back again," said Representative Salmon. "I think that the public got a taste of what our revolution was all about during the first 100 days, but during the budget scuffle everything sort of went up in smoke."

The appropriations chairmen in the Senate and the House — Senator Mark O. Hatfield of Oregon and Representative Robert L. Livingston of Louisiana — have said that a top priority will be reaching a permanent resolution to the 1996 budget debate. While they do not foresee an agreement with the White House on a balanced budget, they hope for one bill that will keep the government operating through the fall.

They intend to introduce omnibus spending bills that would be stripped of the social riders on abortion and other issues that proved to be political flashpoints with Democrats and the White House last year. The House bill, and possibly the Senate one, would be uncoupled from the larger debate on a balanced budget over seven years.

House leaders said that they may link the federal government's 1997 budget with the effort to balance the budget by 2002.

The larger debate over a plan to balance the budget in seven years and a number of policy differences that led to a string of vetoes from Mr. Clinton, has delayed passage of six of the 13 appropriations bills for 1996.

Since Oct. 1, when the 1996 fiscal year began without a budget agreement, there have been two partial shutdowns of the federal government and 10 temporary, or stopgap, spending bills to either reopen the government or to keep it going.

Mr. Clinton signed the most recent stopgap bill on Jan. 26, but it expires on March 15 and along with it, most of the spending authority for huge federal departments like Veterans Affairs, Housing and Urban Development, Commerce, Justice, State, Labor, Health and Human Services, and Education.

POLITICAL NOTES

On the Fast Track: Dole's Spending

WASHINGTON — Senator Bob Dole has spent so much money on his quest for the presidency that he is in serious jeopardy of reaching the spending limit for the primary season by early spring, according to campaign finance experts.

The limit, about $37 million, is imposed on all primary candidates who accept federal campaign funds. Analysts said that based on reports filed with the Federal Election Commission and the costs of competing in the schedule ahead, Mr. Dole could reach the limit as early as the six primaries held on Super Tuesday, March 12, or a round of Midwest primaries a week later.

If that were to happen, and the nomination were not locked up, the Senate majority leader would be severely hampered in his efforts to compete, the experts said.

Even if Mr. Dole is virtually assured of the nomination by then, he will be at a serious disadvantage vis-à-vis President Bill Clinton between early spring and the Republican convention in mid-August, when Mr. Clinton will have a sizable war chest and Mr. Dole will not be permitted to spend any more.

As of Jan. 31, Mr. Dole had spent nearly $25 million — about $7 million in January alone.

The Dole campaign manager, Scott Reed, said the spending was on track for what had been budgeted, but he acknowledged that the limits could become an issue later.

"We're focused on winning the nomination in March, and we'll have sufficient resources to do that," he said. "After April, the party will be rallying around Dole as its nominee, and we'll be capable of framing the election about Bill Clinton and keeping the momentum in San Diego."

Herbert Alexander, a University of Southern California political scientist and an expert on campaign spending, said he did not recall any other candidate "that has bumped up against the overall limit this early in the season.Honestly, it's a serious situation."

Among the other major Republicans, Patrick J. Buchanan has run a relatively low-budget campaign, Lamar Alexander has had trouble raising funds, and Steve Forbes has eschewed federal funds and spent $20 million of his own money. *(WP)*

Buchanan's Woes With N.Y. Ballot

ALBANY, New York — With his campaign gaining steam, Patrick J. Buchanan is trying to overcome one of the toughest challenges in electoral politics: getting on the ballot in the Republican primary throughout New York state.

The party's arduous petition process has been successfully navigated by his supporters in only 13 of the 31 Congressional districts, nearly all upstate. Efforts in other districts failed, largely because volunteers gathered too few signatures.

A federal judge in Brooklyn ordered that Steve Forbes be placed on the March 7 ballot across the state, and now Mr. Buchanan's lawyer has asked for the same.

The request came as Mr. Buchanan stepped up attacks on the party's rules for entering the primary, which favor the candidate backed by the party leadership. This year, that candidate is Senator Bob Dole, who has close ties to Senator Alfonse M. D'Amato, the powerful New York Republican.

Campaigning in Arizona, Mr. Buchanan likened the party leaders to despots. "It is a replica of what was going on in Eastern Europe in the 1950s," he said, "where some big, fat Communist gets on the ballot and then he says, 'We are going to have a free election, and no one else can get on.' "

He added: "What Mr. D'Amato is saying is, 'You people are not mature enough to decide who you want to represent you at the Republican convention.' " *(NYT)*

Quote/Unquote

Senator Christopher J. Dodd, Democrat of Connecticut, on Pat Buchanan and his backers in the Republican campaign: "The only difference between Pat's supporters and skinheads is hair." *(AP)*

Decoding Buchanan: What the Message Means

By James Bennet
New York Times Service

PHOENIX, Arizona — In his run for the Republican presidential nomination, Patrick J. Buchanan has applied several labels to himself: conservative, populist, traditionalist. In a recent radio interview, he coined one that nobody would dispute.

"I'm a controversialist," he said.

Mr. Buchanan revels in controversy. But as he assails illegal immigration as an "invasion" and refers to Mexicans en masse as "José," his critics are accusing him of taking controversy a step too far.

They say Mr. Buchanan is speaking in code, using xenophobic signals like that or anti-Semitic references to excite bigots without alienating mainstream voters.

In some cases, it is a matter of inflection. Over the weekend, as he so often does, he lingered with great relish on each of the syllables in Justice Ruth Bader Ginsburg's three names, attacking Senator Bob Dole for voting for the "ultraliberal Ruth Ba-der Ginsburg."

In other cases, Mr. Buchanan invokes the language of the far right, in which he is so clearly fluent. "When I raise my hand to take that oath of office your New World Order comes crashing down," he said at a rally in Denver last week, using a favorite line.

The New World Order, along with the United Nations and the Trilateral Commission, which is a policy group made up of Japanese, European and American leaders, are bêtes noires of the far right, which uses them to evoke images of black helicopters strafing the American heartland to establish a world government.

Last year, the magazine Soldier of Fortune reported that paramilitary groups were passing around reports that flat-bed cars carrying UN tanks had been spotted near Salt Lake City and that a fleet of helicopters was "ready for use by a mysterious Multi Jurisdictional Task Force, part of the New World Order, manned by UN storm troopers or American soldiers under UN command and organized to hunt down good patriots bearing arms."

Criticism of Mr. Buchanan's language has swirled around him for years, and it is a testament either to his innocence or to his oratorical nimbleness that the debate still rages.

His critics acknowledge that their accusations can be hard to prove, arising as they sometimes do from inferences drawn from inflection, context and juxtaposition of ideas in his speeches, rather than flat-out assertions. Mr. Buchanan has repeatedly said that he rejects the support of hate groups.

But every day on the campaign trail with Mr. Buchanan, the comments pop out and the questions arise again.

In an interview, Mr. Buchanan rejected the idea that he rhetorically winks and nods to bigots.

"It's silly," he said. "There are people out there with anxieties and concerns about their future and their children's future. What I'm saying is: 'Don't turn your back on politics. Don't despair.' I'm offering them something besides the back of my hand."

He is also frequently offering them direct and sometimes harsh mockery of foreigners, using his derision to cultivate support for his immigration and trade policies.

"I'll build that security fence, and we'll close it, and we'll say, 'Listen José, you're not coming in this time!' " he shouted to applause from an almost entirely white audience at a rally in Waterloo, Iowa, three weeks ago.

In attacking trade agreements at a rally in Denver, Mr. Buchanan said that he used to work for Henry Kissinger, a supporter of the North American Trade Agreement. "His German accent got thicker every year," Mr. Buchanan said — and then, as he usually does when delivering such lines, he roared with laughter along with the crowd.

But at others times, Mr. Buchanan's oratory is a matter of inflection and therefore wide open to misinterpretation.

The mystery is whether it is the bigots or those seeking evidence of bigotry who do the misinterpreting.

AMERICAN TOPICS

California Judge Recommends Limits on TV Coverage in Courts

A California appeals court judge, Richard D. Huffman, chairman of a state task force that has recommended a partial ban on cameras in the courtroom, describes the proposal as a "compromise" that was intended to appease the news media and judges who favor ejecting cameras altogether in the wake of the O.J. Simpson trial.

The California Judicial Council, the policy-making arm of the courts, will vote on the proposal in May after reviewing public comment.

Although 55 percent of California judges polled favored a total ban, only 35 percent of those who had experienced cameras in their courtrooms were for a total blackout and 96 percent said cameras had not affected the outcome of the trials they oversaw.

The task force recommended that electronic coverage and still photography be barred from all pretrial criminal proceedings.

Short Take

Don't look now, but the self-esteem movement is still with us. A $735,000 grant in 1987 from the California State Assembly, pushed along by Assemblyman John Vasconcellos, set up a 25-member committee that labored for three years before issuing a 144-page report declaring that self-esteem was, yes, important. Members of the task force included a yoga teacher, an expert in self-hypnosis, and the editor of a book called "Gourmet Parenting." The whole idea was widely lampooned. But the Los Angeles Times reports that "the gospel of self-esteem has gone mainstream," to be found throughout the United States "in schools, on the job, in church, in prisons" — and notably in the business world, where many companies find that investing, say, $500 per employee in two-day self-esteem seminars more than pays off in productivity.

About People

Margaret Thatcher has agreed to help rededicate a 19th century Methodist chapel moved stone by stone to Baker University in Baldwin, Kansas, from Sproxton, England. The 100-seat chapel, where the former British prime minister's father was a part-time lay preacher earlier in this century, was abandoned in 1988.

"You don't get over men like the flu," says Elizabeth Taylor, whose eighth marriage, to Larry Fortensky, has broken up. "Every divorce is like a little death." What next? "I'm not going to join a nunnery," she said. "I said I'm through with marriage, but I'm not through with men — that wouldn't be realistic."

International Herald Tribune



Robert Sullivan/Agence France-Presse

ARRESTS IN MIAMI — Dade County policemen leading three suspects away after charging them with murder in the slaying of a Dutch tourist.

Away From Politics

• The space shuttle Columbia's astronauts unreeled a half-ton satellite in a risky electrical experiment. The satellite, a white metal ball five feet (1.5 meters) in diameter, is expected to ride at the end of a 12.8-mile leash. At that distance, the satellite should generate 5,000 volts of electricity as it sweeps through Earth's magnetic field at 5 miles per second. *(AP)*

• A girl sickened by poisonous wild mushrooms went home after a successful partial liver transplant in San Francisco. Doctors grafted part of a donor liver onto Jennifer Chang's damaged one to help its cells regenerate. The surgery was so successful that surgeons removed the donor portion. *(AP)*

• A student engineer was in control of the Southern Pacific freight train that derailed last week north of Leadville, Colorado, killing him and another crew member. Investigators believe the cause may have been braking too late. *(AP)*

• The U.S. Navy imposed new restrictions on pilots who fly F-14 jet fighters after three recent crashes killed four navy airmen and three civilians. The navy has ordered temporary speed limitations and F-14 pilots will be required to undergo refresher safety courses. *(NYT)*

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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST
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ASIA/PACIFIC

Keating, Gaining on Conservative, Misses Chance for a 'Killer Punch'

Compiled by Our Staff From Dispatches

SYDNEY — Though he is closing the gap in opinion polls six days before a general election, Prime Minister Paul Keating was unable to land a knockout blow against his conservative rival, John Howard, in a debate on Sunday night.

The debate was the last time the two are expected to meet face-to-face before the voting on Saturday.

Reaction to the wide-ranging and sometimes rowdy clash was mixed.

Mr. Howard, who leads the Liberal-National party coalition, had been criticized for being nervous and fidgety in an identical debate two weeks ago.

Analysts said, however, that he appeared confident and aggressive this time.

Mr. Keating, who is known for his caustic oratory, seemed restrained. "We were supposed to see Keating land the killer punch tonight, and I don't think we did," said Paul Lyneham, a commentator for Channel Nine television.

Despite this, a small television studio audience of undecided voters scored a 56 percent win for Mr. Keating over Mr. Howard at 44 percent.

At the Seven television network, 55 out of an audience of 100 voters said that Mr. Howard had won the debate. Forty-five backed Mr. Keating.

Labor has been in power for 13 years, the last four with Mr. Keating as prime minister.

Before the debate, opinion polls indicated that Labor trailed the opposition, although the gap between the two appeared to be closing.

During the debate Mr. Keating promised to deliver strong economic growth "*right through the 1990s.*"

No mention was made of Mr. Keating's plan to declare a republic and replace the British monarch with an Australian head of state in 2000.

Mr. Keating did take credit, however, for pioneering strong links with booming Asian economies.

"This is the period of greatest opportunity for Australia," he said. "We've never before been part of the fastest growing market in the world. We are now."

Mr. Howard attacked Mr. Keating's economic record and accused him of breaking promises made in earlier campaigns. He said many ordinary families had to struggle to make ends meet when the unemployment rate is more than 8 percent.

Mr. Howard promised to cut the power of labor unions, deregulate the labor market and help small business create jobs.

Mr. Keating praised a deal between the government and unions which, he said, has kept pay rates down and increased productivity for more than a decade.

Mr. Keating warned that if this relationship were broken, strong unions would stage strikes and pursue big pay increases while other workers would be left behind. Low inflation and low interest rates needed for sustained economic growth would be lost, he said.

One of two polls published in newspapers on Sunday showed Labor now even with the opposition coalition of Liberal and National parties, each with 50 percent of the vote.

"The federal election is shaping as a cliffhanger with support for Labor surging to make the contest too close to call," The Sunday Telegraph said of its poll, conducted by an independent research firm over Thursday, Friday and Saturday.

In another boost for Labor, the party surged in a state election Saturday in Tasmania, winning at least three extra seats in the state legislature and depriving the conservative state government of its majority. But the result was not enough for Labor to claim outright victory and left the state with a hung Parliament.

"I think the main impact this will have is to build morale within the Labor movement," said Justice Minister Duncan Kerr, who will contest the general election next Saturday in his Labor-held electoral district in Tasmania's south.

"Enormous swings to Labor in Tasmania will lift the confidence of candidates going into the federal election," Mr. Kerr said in a radio interview on Sunday.

Labor and the opposition have said the Tasmanian election was fought mainly on local issues But a political scientist in Tasmania, Richard Herr, agreed that Labor would draw national inspiration from the result.

"The best that Labor can hope for from this is a kind of symbolic victory," Mr. Herr said. *(AP, Reuters)*



Rafiqur Rahman/Reuters

BANGLADESHI STRIKE — Stick-swinging women activists of the opposition Jatiya Party confronting the police in Dhaka during a work stoppage that has brought much of the nation's commerce to a halt. The opposition, led by the jailed party leader, Hosain Mohammad Ershad, said it would end its protests Monday.

Groundwork for U.S.-Japan Summit

Clinton and Hashimoto Hold a 'Lively' One-Hour Meeting in California

By Alison Mitchell
New York Times Service

SANTA MONICA, California — With the trade debate in the Republican presidential campaign as a backdrop, President Bill Clinton and Prime Minister Ryutaro Hashimoto of Japan met here to prepare for Mr. Clinton's state visit to Tokyo later this year.

Mr. Hashimoto, who was Japan's trade negotiator before he became prime minister last month, flew 11,000 miles (19,000 kilometers) for a meeting that lasted only an hour and was sandwiched between West Coast political appearances by Mr. Clinton.

U.S. officials said the two leaders exchanged gifts of photographs and parted on a first-name basis, opening the way for further work on security and trade declarations to be hammered out in April.

"It was a very lively one-hour meeting in a cordial atmosphere," said Mr. Hashimoto, who had asked for the meeting.

The two men discussed a broad array of security and trade concerns Friday, with President Clinton reiterating the United States' interest in opening Japan's markets in semiconductors, aviation, film and insurance. But officials on both sides said in advance that the meeting was not intended to be a negotiating session.

Mr. Hashimoto, who is known for having a more assertive style than his predecessors, said he had told Mr. Clinton that while such issues should be resolved one by one "we should not play up these issues and undermine the Japan-U.S. relationship."

Assistant Secretary of State Winston Lord said Mr. Hashimoto had discussed Japan's plans to deregulate its housing construction standards, which could benefit American exporters.

The two leaders also discussed security concerns, including that of U.S. troops stationed in Japan, a touchy issue since the rape of a schoolgirl on Okinawa. Three American servicemen have been tried in the case, and the verdicts are to be announced March 7.

Mr. Hashimoto said that the U.S. presence in Asia contributes significantly to peace, but that he wants America to cooperate on reducing its military presence on Okinawa.

While Washington has said it would consider relocating some of the troops elsewhere in Japan, Mr. Clinton reaffirmed that the United States would maintain its force levels in Asia, Mr. Lord said.

The United States and Japan have wrestled over trade issues for two decades. But administration officials note that while the U.S. trade deficit with Japan was $63 billion last year, the monthly trade deficits have been dropping significantly for the past six months.

"I don't say we've got the problem licked," said the American ambassador to Japan, Walter F. Mondale, who came to California for the meeting. "There's more progress that's needed. But there's been a very impressive, it seems to me, amount of progress."

Trade has emerged as a major issue in the Republican presidential race, with Patrick J. Buchanan, the former television commentator, running on a platform of protectionism that includes a tariff on Japanese imports. He says Japan is worried about him.

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BRIEFLY ASIA

'People's Strong Anger' Roils The Election Waters in Kyoto

KYOTO, Japan — Backlash against government plans to bail out housing loan companies with taxpayers' money almost lifted a Communist-backed candidate to victory in a major Japanese city's mayoral election Sunday.

Yorikane Masumoto, 55, a independent who is a former superintendent of education who had the backing of all other major parties, defeated Kichiro Inoue, an independent, by about 4,000 votes for mayor of Kyoto.

Parliament now is debating plans by the government of Prime Minister Ryutaro Hashimoto to use at least $ 6.5 billion in tax money to help bail out the housing lenders.

Tetsuzo Fuwa, secretary-general of the Communist Party, said Mr. Inoue nearly matched Mr. Masumoto's vote total because of "the people's strong anger" over the housing loan bailout plan.

The Japan Broadcasting Corp. reported that in its interviews outside polling places, 57 percent of those questioned said they had taken the housing loan issue into consideration in voting. Of those, 71 percent said they voted for Mr. Inoue.

Mr. Masumoto, whose backers included both the Liberal Democratic Party-led national governing coalition and the main opposition New Frontier Party, received 222,569 votes. Mr. Inoue, 50, head of a citizens' group, received 218,487. *(AP)*

A Power-Sharing Offer in Kabul

PESHAWAR, Pakistan — The Afghan government has offered to share power with the opposition Islamic Party faction led by former Prime Minister Gulbuddin Hekmatyar, government and party sources said Sunday.

The sources said an Islamic Party delegation led by a senior military commander, Kashmir Khan, had been in Kabul for the last two days discussing various power-sharing options.

Party sources here said no decision had been reached on rejoining President Burhanuddin Rabbani's government, which Mr. Hekmatyar had sworn to overthrow. *(Reuters)*

Taiwanese Gestures to Beijing

TAIPEI (AFP) — President Lee Teng-hui invited China on Sunday to hold peace talks with the nationalist island, saying nations in the Asia-Pacific region and throughout the world were concerned about precarious relations across the Taiwan Strait.

"After the end of the Cold War, it is a world trend to replace confrontation with negotiation," Mr. Lee said in a television campaign forum here. "In the past six years, we have followed this trend by devoting ourselves to maintaining stability in the Taiwan Strait and promoting peaceful exchanges with the mainland."

"Peace in the Taiwan Strait deeply affects the stability and prosperity of the Asia-Pacific region as well as international political and economic development in the 21st century," he added. *(AFP)*

No-Confidence Motion in Delhi

NEW DELHI — The Indian opposition will table a no-confidence motion aimed at unseating Prime Minister P. V. Narasimha Rao over a bribery scandal when Parliament opens its budget session Monday.

A regional opposition party said Sunday that it would try to vote out Mr. Rao's nearly five-year-old government over the country's worst scandal, and the other opposition parties said they might back the ouster move.

Opposition leaders said they expected the two-week session, the last before parliamentary polls expected in April, to be stormy as they would try to topple Mr. Rao over the scandal and a variety of other issues. *(AFP)*

Chun to Face Corruption Charge

SEOUL (AP) — Former President Chun Doo Hwan will go on trial Monday on corruption charges, and Koreans are waiting to see whether he will name those who reportedly received his political payouts.

Mr. Chun, president from 1980 to 1988, will be the second former president to face trial after being accused of wrongdoing in office. His hand-picked successor and friend, Roh Tae Woo, is already standing trial on similar charges.

They also may be tried together in March on mutiny and treason charges arising from two events: first, the 1979 coup that brought them to power, and second, a 1980 military crackdown that killed or wounded hundreds of pro-democracy protesters. *(AP)*

VOICES From Asia

Tan Yu, who has built a multimillion dollar empire based on real-estate investments in Taiwan and the Philippines, on his good fortune: "All of those who have made it big in this world came from nothing. But they did not make it because of luck but rather because of hard work, patience and most of all, brains." *(Reuters)*

Ryutaro Hashimoto, the Japanese prime minister, ducking a question about whether the conservative Patrick J. Buchanan might make it to the White House: "I'm confident that the American people will make good decisions. I'm not taking any side, I must say." *(AP)*

BOOKS

GUILTY: The Collapse of Criminal Justice

By Harold J. Rothwax. 238 pages. $23. Random House.

Reviewed by
Richard Bernstein

FROM California in recent days comes this news: During a robbery of a Kentucky Fried Chicken restaurant in Redondo Beach, a customer named Kathy Brown was briefly held hostage by a gunman.

The cashier first refused to turn over the contents of the register, but with the robber holding a gun to Brown, he soon did so, and Brown was released unharmed.

Still, Brown is seeking damages from KFC for emotional distress, and late last year an appellate court ruled that by resisting the robber's demands, KFC may have subjected its customers to unnecessary risk.

The case, reported in a recent column in The Wall Street Journal, is civil, not criminal, but it illustrates the main point made by Judge Harold J. Rothwax in his blunt, forceful, attention-grabbing indictment of the American criminal justice system.

Rothwax argues that criminal justice has been rendered ridiculous by what he calls "formalism," which he defines as applying "rigid principles" to law enforcement even when they undermine the cause of justice.

So a restaurant that is a victim of a robbery ends up a victim again because the principle of liability makes resisting a crime a kind of crime itself.

The criminal area, Rothwax argues, is so deluged by such rigid principles that the truth disappears, evidence is suppressed, the guilty go free and trials become farces.

This has happened, he says, even though all that formality is unnecessary to the laudable goals that gave rise to it in the first place.

"There is no respect for the truth," Rothwax writes early on. "And I challenge you to find the justice." Later he adds that the system "is guilty, and it is the people who are punished."

Rothwax, not surprisingly, has come to be known as a tough, conservative judge; he is called the "prince of darkness" around the New York Supreme Court, where he has served for a quarter-century. His book will enhance that reputation.

Among his more controversial specific recommendations is to do away with the so-called Miranda rules, which require the police to warn defendants that they have the right to remain silent. "It's a far cry from coercing confessions," he writes, "to saying, in effect, 'I URGE you not to confess.'"

Fortifying Rothwax's argument are examples of matters gone seriously wrong, many of them drawn from his own experience.

One is the case of Victor West, who shot and killed a man who parked his car in a spot that West had designated for his own use to sell drugs.

When West first came under investigation, he hired a lawyer. That investigation proved inconclusive, but three years later a former confederate of West came forward. The police wired him and sent him to talk to West, who admitted his role in the killing.

West was tried and convicted of murder, but the conviction was reversed on the grounds that the secret taping of West represented questioning of him by the police without the presence of his lawyer. "Once again, a murderer went free, sliding down the slipery slope of our court's formalism," Rothwax writes.

The Sixth Amendment, which guarantees a defendant's right to counsel, has been so stretched, he writes, that appeals courts have ruled that under some circumstances a defendant cannot even voluntarily give information to the police without a lawyer present.

The amendment has been turned into a " 'magic cloak' to protect criminals," Rothwax argues.

The flaw here is that Rothwax provides no measurement of how widespread these overextensions of protections have become: There are no statistics on how often the obviously guilty go free or police investigations are stymied by "rigid principle."

He also skips rather lightly over the damage that might be done if "rigid principle" were done away with altogether. On the right to remain silent, for example, he argues, "As long as we are firm in our judicial commitment to freedom and the protection of citizens' rights, we will achieve results that are honest and fair."

How one can be sure that everybody will behave as well as they should, Rothwax does not say.

The absence of any measurement is crucial, for about 75 percent of the felony cases that come to trial in state courts across the country result in convictions. Maybe that figure is lower than the percentage of defendants who are guilty; maybe it's about right.

Either way it undermines Rothwax's contention that criminal justice is in a state of "collapse." Near the end of his book, he does give some quantitative information: as of August 1993, 34 convictions, including several for murder, had been overturned in New York because of technical violations committed by judges on the verdict sheets they handed out to jurors. "It's insane," Rothwax charges.

Perhaps, but he fails to tells us in what period those reversals took place or out of how many convictions, making that figure of 34 virtually meaningless.

Still, even without statistics, "Guilty" makes a compelling case that something is very wrong, and that this something could cause a disastrous loss of confidence in the judicial system.

Richard Bernstein is on the staff of The New York Times.

WHAT THEY'RE READING



• **Richard Agutter**, chairman of KPMG Corporate Finance in London, is reading *"Jancis Robinson's Wine Course."*

"It is totally illogical, of course, why we like a particular wine and why we should spend £200 on a bottle of really good wine, but I am trying to learn more about it anyway."

(Erik Ipsen, IHT)

BRIDGE

By Alan Truscott

IN the diagramed deal from the Grand National Team Championship in Manhattan, North-South had a good chance at six clubs or six heart, with the play of the hearts suit crucial.

Dorothy Truscott and Carol Simon, as North-South, took the route shown. North's three spades over two diamonds was a fit-showing jump, guaranteeing clubs and spades. Reaching six clubs avoided the four-four heart fit: just as well, since the clubs divided normally and the hearts did not.

Simon as South was helped by a singleton heart lead. She won with the seven when East played low, and ruffed a diamond. She then drew two rounds of trumps ending in dummy and led the heart queen for a finesse. It did not matter whether East covered with the king.

West was able to ruff, but that was the only trick for the defense, since another heart finesse was marked and the other diamond loser could be ruffed.

Even without the opening lead, South would probably have succeeded: The weak jump overcall in diamond would have suggested the possibility of heart length with East, and guided the play in that suit.

In the replay, the declarer reached six hearts and had no clue. Using the Precision System, South opened one diamond. That silenced West, and the slam bid had no interference. Lacking information, South first played low to the jack in trumps. That might have been right on another day, but it was fatal.

The foursome lost 16 imps on the deal, and the match by one solitary imp.

NORTH
♠ A K 8 6 5
♡ Q 6 3 2
◇ —
♣ A Q 10 5

WEST
♠ 10 7 2
♡ 4
◇ Q 10 9 7 6 3
♣ J 9 3

EAST
♠ Q 9 3
♡ K 10 8 5
◇ K J 8 2
♣ 8 2

SOUTH (D)
♠ J 4
♡ A J 9 7
◇ A 5 4
♣ K 7 6 4

North and South were vulnerable. The bidding:

South	West	North	East
1 ♣	2 ◇	3 ♠	4 ◇
Pass	Pass	5 ◇	Pass
5 ♡	Pass	6 ♣	Pass
Pass	Pass		

West led the heart four.

EUROPE

Major's Support Continues to Erode

Compiled by Our Staff From Dispatches

LONDON — Another legislator said Sunday that he would vote against the government over an arms sales inquiry, forcing Prime Minister John Major to rely on Northern Ireland Protestants to avoid a parliamentary defeat.

Mr. Major's prospects of winning Monday's vote involving the report on how government ministers deceived Parliament over arms sales to Iraq in the 1980s looked slim.

Mr. Major's majority in the 651-member House of Commons is down to just two after defections by three Conservatives since August. One left last week, citing dissatisfaction over the Iraq arms report.

Defeat would mean calling a vote of confidence. Mr. Major would almost certainly win that because Conservatives fear the government falling and having to call national elections which polls indicate they would lose.

The political trauma, however, is destabilizing Mr. Major's already shaky Conservative administration.

On Sunday, Quentin Davies said he will vote with the opposition parties over the Iraq report, and three other Conservatives signaled that they might follow suit or abstain.

Opposition parties complained that Mr. Major's reliance on Protestant legislators was unhealthy because of the crisis in Northern Ireland after the end Feb. 7 of a 17-month cease-fire by the Irish Republican Army.

Roman Catholic parties want Mr. Major to fix a date quickly for multiparty negotiations. Protestants object, saying the IRA must stop bombing and start decommissioning before talks.

"If it has come to the matter of underhand deals between the government and the Unionists," said Paddy Ashdown, leader of the centrist Liberal Democratic Party, "that will be not only a sadness, it will be a tragedy."

Mr. Major needs abstentions from at least some Northern Ireland legislators.

The nine Ulster Unionists, the biggest Protestant party, refuse to say what they will do until a few hours before Monday night's vote. The hard-line Democratic Unionist Party, however, said its three lawmakers will abstain.

Mr. Major and his deputy, Michael Heseltine, meanwhile sought to placate disgruntled Conservatives by promising to learn the lessons of Sir Richard Scott's inquiry into the export of arms-making equipment to Baghdad in the late 1980s.

One Conservative member of Parliament, Peter Thumham, resigned last week to sit as an independent in protest over the government's refusal to heed Sir Richard's criticism of the role of two ministers involved in the affair.

Mr. Major held out an olive branch to Conservatives tempted to withhold their support by pledging to act on the 1,800-page Scott report.

"There are issues about the way government works, which we need to discuss," Mr. Major wrote in Sunday's *News of the World*. "I'm sure there are things we can do — and we will do — to make sure that government works better." *(AP, Reuters)*



Hurriyet Haberli/The Associated Press

Necmettin Erbakan, the Welfare Party leader, speaking in Ankara after talks aimed at a coalition collapsed.

Turk Conservatives Again Eye Coalition

Compiled by Our Staff From Dispatches

ANKARA — Turkey's two main conservative parties could still form a coalition government, former Prime Minister Tansu Ciller said Sunday, despite bitter fighting that torpedoed earlier efforts.

She spoke after negotiations on forming a coalition between a center-right party and a pro-Islamic party collapsed Saturday, bringing relief to Turkey's Western allies and supporters of its secular political system.

The breakdown will further stiffen the nearly two-month-old government crisis and might lead to elections this year.

Mrs. Ciller said the way out of the crisis lies in an alliance between her True Path Party and the Motherland Party of Mesut Yilmaz.

But political analysts said their personal rivalry may mean that a compromise figure would have to come in as prime minister.

She expressed "relief" that talks between Motherland and the pro-Islamic Welfare Party had collapsed over key policy differences, particularly on the economy. The inability to form a government pushed into a third month. Welfare won the most votes in an election in December, but not enough to rule on its own, and the three parties have been trying to form a government ever since.

The proposed coalition between Motherland and Welfare would have "posed great risks for the future of the country," Mrs. Ciller said, adding: "A large section of Turkish and world opinion was relieved by the failure."

"What remains now is a coalition between True Path and Motherland, which is possible," she said.

Mrs. Ciller again rejected any prospect of an alliance with the Welfare Party, saying "80 percent of the Turkish electorate did not vote for" what the party stands for.

Separate sources said officials from both Motherland and True Path met Saturday to try to restart talks on forming a government. Negotiations in January, when Mrs. Ciller had been asked by President Suleyman Demirel to form a government, broke down because of the personal enmity between Mrs. Ciller and Mr. Yilmaz, despite broad support from the public and business circles.

A proposal for a rotating prime ministership was scrapped when Mr. Yilmaz refused to work under Mrs. Ciller, saying she was the cause of Turkey's problems. When he was then asked to form a government, she refused to cooperate with him.

Analysts said a likely solution for a coalition now would be the drafting of a compromise "third figure."

After announcing that the two weeks of talks with Welfare had failed, Mr. Yilmaz said he would meet President Demirel to return his mandate as prime minister-designate. Mr. Demirel is expected to renew talks Monday.

"The way we consider Turkey's position in the world is very different from theirs," Mr. Yilmaz said at a press conference after meeting Welfare's leader, Necmettin Erbakan.

At a separate news conference, Mr. Erbakan accused Motherland of sabotaging the talks "by demanding too much," and hinted he would try to cooperate with True Path. *(AFP, AP)*

Italian Rightists Cry Foul on Dini

Compiled by Our Staff From Dispatches

ROME — The decision by Italy's caretaker prime minister, Lamberto Dini, to run in next month's elections has set off a storm of criticism from rightist parties.

Mr. Dini said Friday that he would run in the April 21 vote at the head of a new "centrist, moderate and pro-reform" party, which is expected to join a center-left alliance.

He was quickly attacked by the center-right Freedom Alliance, whose members accused him of abandoning the impartiality they say is vital for a caretaker government in a electoral period.

"This is the first time I have ever seen the linesman and referee start playing for one of the sides during a match," Silvio Berlusconi said over the weekend.

Mr. Berlusconi, a former prime minister and leader of the Freedom Alliance, had said earlier that it would be "a scandal" if Mr. Dini "abandoned his neutrality."

Gianfranco Fini, head of the far-right National Alliance, called Mr. Dini "ambitious, incoherent and unpredictable." Mr. Dini, 64, is popular after having built strong relations between trade unions and employers.

As a former central banker, he is also seen as having the necessary financial and economic clout.

It was his resignation in January that provoked a prolonged political crisis as parties negotiated fruitlessly to try to form a new government.

Mr. Dini has been serving as caretaker prime minister since he resigned after his government of nonelected technocrats completed its limited mandate.

Although he has not yet committed himself explicitly, analysts say they believe his new party will join the center-left, which with the Freedom Alliance form the two major political groupings in Italy.

Several of his key ministers are expected to join the new party and political observers say it could attract moderates and Christian Democrats from the center-right alliance.

The federalist Northern League also fears that Mr. Dini could steal part of its electorate. But Mr. Dini, who was actively courted by both blocs before his announcement, said it was too early to talk of alliances for his embryonic movement, which does not yet have a name.

He said he wished to maintain the continuity of his government of technocrats which came to power in January 1995 and was largely sustained by the center-left.

"I have decided to commit myself to giving life to a new formation that would be centrist, moderate and pro-reform that can assure the stability and ability to govern the country, to reinforce its role in Europe and guide the transition toward an accomplished democracy," Mr. Dini said.

President Oscar Luigi Scalfaro called early elections after failing to get another government together to see Italy through its current six-month presidency of the European Union.

Rocco Buttiglione, a Christian Democrat and leading figure in Mr. Berlusconi's coalition, deplored Mr. Dini's decision to join the political fray, saying he should have remained neutral.

Mr. Dini said that at this stage in the election campaign his government "will continue to be distinguished by absolute transparence and rigorous equidistance" between the political forces on left and right. *(AP, Reuters)*

■ Inquiry on Politician

The standard-bearer for a center-left political coalition is under investigation in connection with the disputed privatization of a food company, The Associated Press reported from Rome, quoting court officials.

The official, Romano Prodi, a former chairman of the state-owned holding company IRI, is expected to be questioned next month.

Court officials said Mr. Prodi and other board members of IRI, or Istituto per la Ricostruzione Industriale, faced possible charges of misuse of their authority in the 1993 sale of Cirio to a private group. Cirio is a leading maker of tomato sauces and other food products.

BRIEFLY EUROPE

Carlos's Wife May Go Free

BERLIN — Prosecutors have dropped all charges against the German wife of "Carlos the Jackal" after she gave them a detailed look at the international guerrilla's operations, Der Spiegel magazine reported.

Magdalena Kopp, who was a member of Carlos's guerrilla group and has a 9-year-old daughter by him, revealed information that can be used against him and his alleged accomplice, Johannes Weinrich, in trials in France and Germany, the magazine said.

Ms. Kopp was incorrectly suspected of taking part in an 1981 attack on Munich-based Radio Free Europe but admitted she provided logistical support for attacking a nuclear plant under construction in Creys-Malville, France, in 1982, the magazine said. *(Reuters)*

EU to Back Greece Part Way

BRUSSELS — Greece will be given only conditional backing from its European Union partners in its dispute with Turkey when foreign ministers discuss the crisis over the Aegean island of Imia here on Monday, officials said.

The ministers are expected to back Greece's decision to seek a resolution of the dispute, which brought the two countries to the brink of war last month, at the world court in The Hague.

But the Greeks are also expected to come under intense pressure to reverse their decision to block EU aid to Turkey. *(AFP)*

Promoting the Single Market

ROME — The European Commission is preparing to launch a campaign this autumn to show European Union citizens the benefits of the single market, European Commissioner Mario Monti said.

"We want to show people that Europe is useful to them," Mr. Monti said Saturday at the end of a one-day informal meeting of EU ministers on the internal market.

The campaign, dubbed "Citizen First," will include television commercials and information packs to explain peoples' rights to work and study in other European countries. *(Reuters)*

Hormone Ban Under Review

BRUSSELS — Meat-growth hormones will be back on the menu of EU farm ministers on Monday as they dig in against U.S. efforts to press the lifting of a ban.

The United States lodged a complaint with the World Trade Organization on Jan. 26, saying there was no scientific justification for an EU ban on hormone-treated meat imports. Canada, Australia and New Zealand support the U.S. case.

"The EU will reaffirm its intention not to ease import rules," said an official at the Italian EU presidency. *(Reuters)*

Calendar

European Union events scheduled for Monday:

BRUSSELS: Foreign ministers discuss dispute between Greece and Turkey, the situation in the Balkans and a possible free-trade accord with South Africa.

BRUSSELS: Agriculture ministers meet to discuss farm prices and hormone-treated meats.

BRUSSELS: The competition commissioner, Karel van Miert, meets with the French minister for European affairs, Michel Barnier. *Sources: Agence Europe, AFP*

Sinn Fein to Meet With British Aides

Compiled by Our Staff From Dispatches

BELFAST — A delegation from Sinn Fein, the political wing of the IRA, will meet Monday with senior officials representing the British government, Sinn Fein's leadership said Sunday.

The meeting, near Belfast, will be the first since a bomb blast on Feb. 9 in London's Docklands financial district killed two people and abruptly ended a 17-month Irish Republican Army cease-fire.

The Sinn Fein deputy leader, Martin McGuinness, said Monday's meeting will "examine how the peace process can be rebuilt."

He added: "It is our intention that it will be a serious engagement. Any new process must contain copper-fastened and unambiguous public assurances that all party talks will be initiated by both governments at the earliest possible date."

The British and Irish governments had ruled out any ministerial contact with Sinn Fein as long as the IRA continued its campaign of violence.

John Hume, head of the Social Democratic and Labor Party, said after talks with the president of Sinn Fein, Gerry Adams, that a firm date could clinch an IRA cease fire.

"I believe that if the date for all-party talks is fixed," Mr. Hume said, " then the IRA will cease" violence.

Britain's minister for Northern Ireland, Sir Patrick Mayhew, said that official contact between London and Sinn Fein remained open.

Britain, Ireland and the United States told the IRA on Sunday that they would not bow to terrorist threats in the quest for Northern Ireland peace.

Their message was backed by rallies across the two Irelands at which people demonstrated against the resumption of IRA bombing.

Organizers in Belfast said 10,000 people packed the city center, wearing white ribbons.

Similar rallies were held in Dublin, Cork and other towns, and church bells rang out to peal for peace.

President Bill Clinton said in a message to marchers: "The bombs that shattered the cease-fire and murdered and maimed innocent people in London must not be the path of the future.

"Those who seek to use violence and terror should hear the voices of today's vigil being conducted across our lands: no to violence, yes to peace." *(AFP, Reuters)*

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KAVITA CHOUDHRY FLEW EMIRATES BUSINESS CLASS, BOMBAY-DUBAI, 28TH JUNE 1995



Kavita Choudhry, award-winning film maker, on Emirates (award-winning airline).

What a contrast. From the sultry heat of teeming Bombay, to the cool, light-space of this brand new Airbus. But there is warmth up here too, the human warmth that combines efficiency with a smile.

Would I like a glass of Veuve Clicquot, asks a steward in softly-spoken Hindi. Did I realise that there is a cordless phone at my disposal? For now I am content with an iced tomato juice and the seat-back video.

Lunch — a perfect Mugh Maharaja — is served with the same calm attention and grace. Emirates has understood something: that the key to a first-rate production lies in the cast.

Kavita Choudhry

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Iraqi Defectors' Fatal Lapse of Memory

By Youssef M. Ibrahim
New York Times Service

PARIS — Hussein Kamel's fate was probably sealed the moment he decided to defect to Jordan last August, vowing to topple Saddam Hussein, his father-in-law and the man who elevated him from a driver in the presidential security force to one of the most important men in Iraq's recent history.

Iraqis said General Kamel and his brother Saddam, also a son-in-law of the Iraqi president, were doomed long before they were gunned down in Baghdad on Friday. They had returned to the Iraqi capital on Tuesday in the belief that they had been pardoned for their defection six months ago.

General Kamel's story says a great deal about how Iraq is ruled. Over two decades, he rose to become chief armaments procurer for Iraq. Although he never finished high school, he was given the highest rank in the army as well as the hand of one of Mr. Saddam's daughters, Raghad. He controlled billions of dollars and was accountable only to the president.

Colonel Saddam Kamel, his brother, married the president's other daughter, Rana, and was named head of the president's personal security detail.

By all accounts, both men were smart and resourceful except for a fatal flaw: They apparently forgot that in the family to which they belonged there is only one Godfather, and his name is Saddam Hussein.

For that lapse, both men paid with their lives. On Friday, after being divorced from their wives, they were declared traitors and shot — after being made to kiss Saddam Hussein's shoes, according to accounts of Iraqi dissidents. The official Iraqi account said they were killed by their own relatives, who wanted to wipe out the shame of their treason.

The decision to leave Iraq and try to overthrow the Iraqi leader was a glaring error because the two men had no following outside or inside the country.

The opposition that General Kamel had hoped to rally considered him a butcher who took part in the massacre of Shiite Muslims in 1991, when a rebellion following the Gulf War was brutally put down.

Another mistake General Kamel made was to rely too heavily on King Hussein of Jordan. The king, a mercurial survivor of 50 years of Arab intrigue, greeted him as "a patriotic young man" and installed him in a royal palace.

But he quickly distanced himself from the Iraqi defector when General Kamel proved to be a paper tiger. Then the king and his prime minister, a leading critic of Saddam Hussein's rule, started nudging the general to leave.

Indeed, within weeks of his arrival in Jordan on Aug. 8, General Kamel was sinking into isolation as he quickly discovered what the largely helpless Iraqi opposition in exile has already learned: that

NEWS ANALYSIS

Saddam Hussein is far too well entrenched to be removed from a distance.

American and Saudi intelligence officials came to see General Kamel, but soon concluded that he was of little use. And his family, including the two daughters of Saddam Hussein, were becoming clearly homesick, putting additional pressure on a man suddenly stripped of all the plumes that made him look like a big bird back in Iraq.

No other Arab country would have him; no Western nation welcomed him.

So Hussein Kamel moved toward a decision that was ultimately his worst error: thinking that he could go back to Iraq if only he said he was sorry.

By and large, in Arab society — as in many traditional societies — a man who turns on his benefactor the way General Kamel did earns nothing but contempt. That is why there was no outcry in the region at the news of his death. If anything, it was seen as a case of justified vengeance.

The realities may have dawned on General Kamel when he arrived with his family at Iraq's border on Tuesday. There he was greeted by none other than Uday, the oldest son of Saddam Hussein and the bitter enemy of General Kamel.

According to Jordanian officials, the brothers were separated from their wives and taken away by the president's son. Iraqi authorities announced that the two men were being divorced by their wives because they "soiled the name and honor of the family" and would be treated as "ordinary citizens."

Any Iraqi knew what would come next.

Ties to West: Central Europe's Wait

By Alan Cowell
New York Times Service

PRAGUE — For centuries, Central Europe was caught between, and fought over by, outsiders like Russians and Germans. The Poles, the Czechs, the Balkan Slavs, all lived in a vacuum that one or another great power seemed always destined to fill.

But now, having broken loose from Russia's grip, the whole region finds itself curiously alone: seeking the prosperity and security that only Western Europe can offer but being told to wait.

And why? Of all reasons, Germany, Germany, this time, is skittish about any rapid expansion of Western power toward the East.

With Russia perilously unstable and the Germans hamstrung by fear of invoking the horrors of their past, it is the

NEWS ANALYSIS

Central Europeans themselves who, virtually alone, are clamoring for a new protector and patron.

"For the Czechs," said Jiri Pehe, a political analyst here, "all roads to Europe lead through Germany."

What the Central Europeans want, of course, is to join the united West. They want entry to NATO and the economic privileges of the European Union.

But they cannot do this without enthusiasm from Germany. It is the economic pillar of Europe, and it is the frontier state among the NATO allies.

So its inability to bankroll the East and its reluctance to frighten Russia by expanding NATO are among the top reasons that Central Europe has been left knocking at Western Europe's door for five years.

It is true that the reunited Germany needs a prosperous cordon of secure eastern neighbors. Without it Germany will remain the uncomfortable front line between the prosperous West and a struggling, potentially unstable East.

But in the last five years, Germany has shown itself unwilling to redeem its promises of support to the Central Europeans with decisive actions. And this is what leaves them feeling so vulnerable.

"For so long we were in the middle," said Jiri Grusa, the Czech ambassador to Germany. "Now we want to be part of Western Europe. The danger lies in a vacuum."

The dangers of ethnic fissures and economic stagnation in the region are being felt now in Germany itself: Romanians have organized huge criminal gangs that have blasted into German post offices and carried off the booty to the forests; the chaos in the former Yugoslavia prompted Bonn to try its own clumsy hand at diplomacy there, but this seemed to worsen the chaos.

Now there are 350,000 Balkan refugees in Germany — a financial drain and the makings of an underclass of dispossessed foreigners.

So Germany is in a curious position. Fearful of rekindling memories of the Nazi era, it shies from leadership, seeing its future locked into a broader community of nations.

But as Europe's wealthiest, most populous and most powerful nation, it has the most at stake in the future of Central Europe. Only by broadening the European Union can Bonn relinquish its uncomfortable position on the frontier between Western Europe's haves and Eastern Europe's have-lesses.

One thing is clear: Even if Germany were disposed to spend it, money alone wouldn't provide the answer. Just consider Germany's reunification, and how even $500 billion has not instantly repaired the social and economic ravages of Communist central planning.

NATO's expansion is even trickier.

For one thing, the Central European states are burdened by ethnic and border disputes; NATO does not need any more rifts like that between Greece and Turkey, and Germany itself has yet to heal wounds with Prague that date from World War II. There are practical issues like how to convert Central European armies to Western military doctrine.

And towering over all these concerns is the relationship with Russia, where the last thing Chancellor Helmut Kohl wants to do is to undermine President Boris N. Yeltsin before June elections.

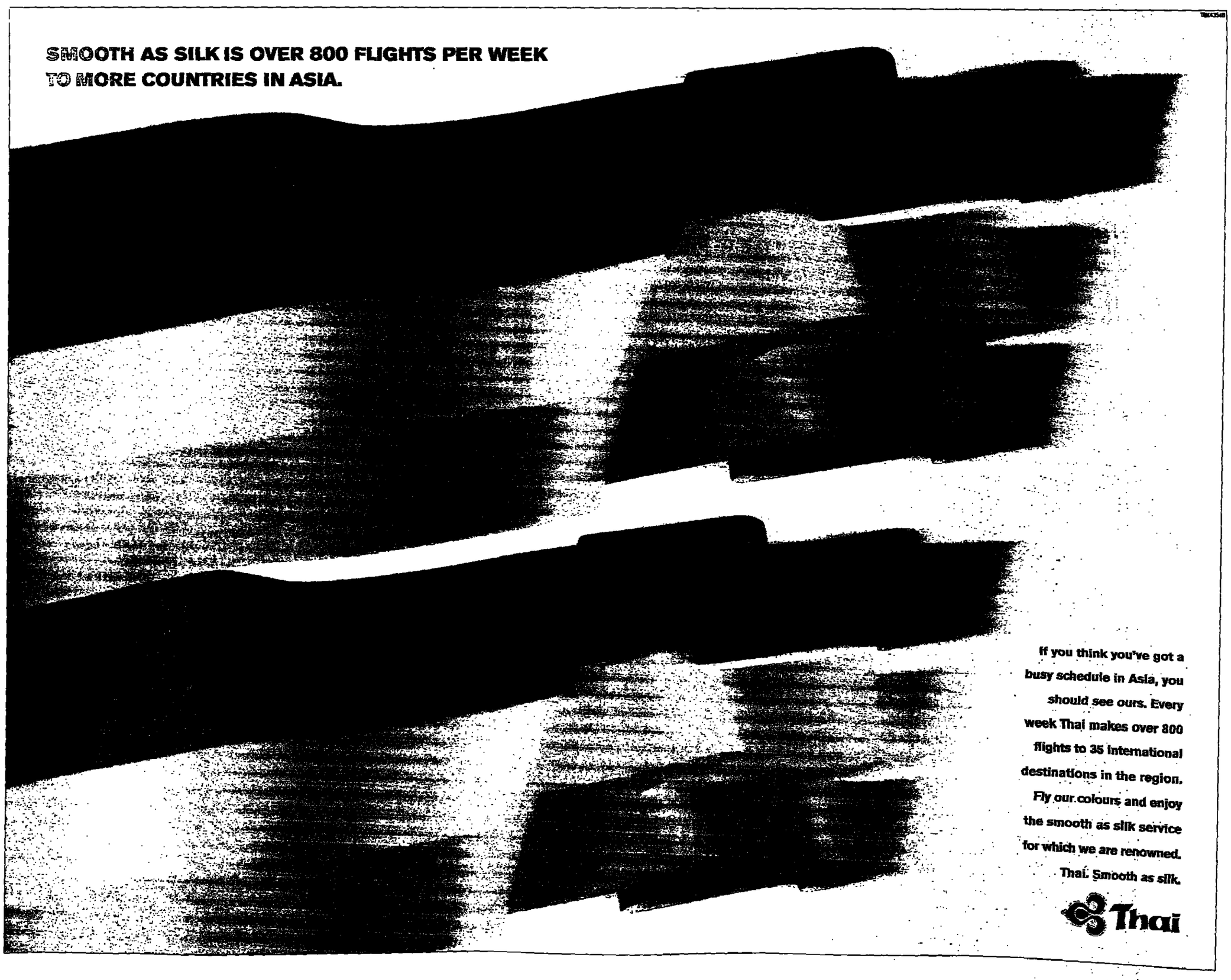
The "special relationship" between Russia and NATO, Mr. Kohl said, would become "the core of the architecture of future European security."

That leaves the Central Europeans uneasily in the middle — hostage, as ever, to the ties that bind larger forces to the West and East.



Christophe Simon/Agence France-Presse

PRE-ELECTION RUSH — Freetown residents, in a bid to find out if they are registered to vote, checking out a list issued by the Sierre Leone election commission on Sunday, the day before the country's general election.



INTERNATIONAL

Anti-Corruption Crusade Falters in France

By William Drozdiak
Washington Post Service

PARIS — Jacques Crozemarie was once considered a paragon of virtue in France. As the founder and president of the country's leading cancer research organization, he was awarded the Legion of Honor for crusading against one of humanity's deadliest diseases.

Politicians of every stripe expressed admiration for his work. They formed easy friendships with this debonair do-gooder and vied for invitations to his summer villa above the Mediterranean coastal vineyards of Bandol.

But last month, Mr. Crozemarie's noble facade crumbled in ruins. He was forced to resign when a Court of Auditors report found that his association, known as ARC, spent little more than a quarter of the donations it had collected on cancer research.

Instead, much of the money apparently was funneled through front companies to help Mr. Crozemarie's political cronies, according to investigators. ARC officials admit that $2.6 million in cancer research funds were paid to an advertising agency that supplied money to Socialist politicians. But Gaullist and other conservatives also appear to have profited from ARC's largesse.

The ARC scandal is only the latest chapter in the lengthening saga of political corruption cases that have shaken France in recent years. The desperate plight of party financing has been at the root of many scams, but the crassness of diverting research funds into political coffers without the approval of millions of donors was seen as beyond the pale.

"It demonstrates the perversion of this system," said Justice Minister Jacques Toubon, who vowed to promote new legislation on campaign financing. "We see to what extent political groups had to use hateful means to finance parties or electoral campaigns at certain times."

Yet while Mr. Toubon was denouncing the ARC abuses, members of his governing Gaullist party were plotting to push through legislation that would restrict anti-corruption investigations, because corporate donations have been rapidly drying up.

Even though there is a nearly unanimous belief that campaign financing laws are woefully inadequate, there is very little agreement on how to rectify the problem and banish one of the causes of endemic corruption. The paralysis is fueling disenchantment with the mainstream parties and feeding a sense of resignation that France's political system encourages abuses of power by the governing elite.

The frustration with a "social fracture" between rich and poor — and the ruling class and the alienated voter — that helped win the presidency for Jacques Chirac is now giving way to a cynical fatalism about corruption and the futility of egalitarian values.

Yves Meny, a French political scientist and author of "Democracy and Corruption in Europe," said he believes that all southern Catholic countries, such as France, Italy and Spain, are culturally more tolerant of corrupt practices than their European neighbors to the north.

Investigators fear the tide, guided by politicians, is *turning against them.*

"People in the south are willing to accept corruption because they see it exists in everyday life and because everybody believes in the redemption of sin," he said. "There is very little understanding here about conflict of interest. That's why we can accept politicians who take on several jobs at once."

Mr. Meny contended that since bureaucracies in Latin countries are usually very inefficient, people and politicians recognize the need for powerful figures to slice through red tape even if that means using illicit means. "In the north, the bureaucracy is more at the service of the common citizen than the state."

Over the past decade, France, Italy and Spain have accelerated the drive toward decentralized political authority. The trend has enhanced the spending powers of local politicians and opened the door to widespread corruption that cannot be closely monitored by the national institutions.

Only a year ago, a sweeping anti-corruption drive was gaining momentum in France, Italy and other parts of Western Europe that showed clear promise of dramatic political reforms. But now anti-corruption investigators in France fear the tide is turning against them.

This month, the French supreme court upheld a lower court ruling that Thierry Jean-Pierre, one of the country's most aggressive judges, had exceeded his authority in investigations of several members of former Socialist president François Mitterrand's inner circle.

Meanwhile, Pierre Mazeaud, a Gaullist deputy who heads the legal committee of the National Assembly, has been trying to push through a bill that would impose a six-year time limit on inquiries involving "misuse of corporate funds," as most corruption cases are known.

The Never-Ending Battle to Preserve Frenchness

By Marlise Simons
New York Times Service

PARIS — The French government, on a crusade to safeguard the country's culture from marauding forces of commercialism, has risen yet again to defend the national patrimony, setting up a foundation to involve the citizens directly in trying to protect some of the things that make France French.

Legislation to create the foundation was first introduced several years ago, as reports spread that Italian and Russian organized crime barons were buying up villas and other handsome properties in southern France.

The plans were approved last week by the cabinet and are expected to be passed by Parliament this spring, speeded by the news that a Japanese real estate magnate had bought nine castles in northern France, stripped some of their furnishings and, claiming bankruptcy, allowed all of them to decay.

The Culture Ministry says the aim of the new Heritage Foundation, which would begin its work next year, is to protect or manage those parts of the national patrimony that do not already have government protection — not the great cathedrals, palaces and mansions, but France's many chapels, mills, markets, country inns and landscapes.

The ministry calculates that there may be 400,000 such spots.

The novelty is that the new body is to be private, a major turnabout in a country where responsibility for the national heritage has long been left to the state or to such private owners as the church, the landed gentry and the old aristocracy.

The foundation, modeled on Britain's National Trust, would collect tax-deductible donations or legacies from private citizens and businesses.

How far the citizens' enthusiasm and money would go is a big question in these times of austerity and economic gloom. But the French retain their national pride and worry that their identity may be gobbled up or flattened in what some here fear is a global, American-driven commercial culture.

"Culture is not a product, it is the vital part of the national identity," Culture Minister Philippe Douste-Blazy told Parliament, to much applause.

Already, the official guardians of French culture have tried to stop the onslaught of English language by barring the use of foreign expressions in advertising and official documents and by requiring French texts on product labels and instructions.

During world trade talks, France fought for the right to continue taxing U.S.-made movies and to subsidize its own film industry.

On Jan. 1, quotas went into effect that oblige radio stations to broadcast at least 40 percent French music. A recent opinion poll said that 83 percent of listeners approved.

Last week, government regulators fined the leading private television station, TF 1, nearly $9 million for not fulfilling its quota for local films. Under the quota, 60 percent of the films it broadcasts must be European-made, and 40 percent of those must be French.

The foundation would begin its operations with about $10 million in contributions, two-thirds from companies and one-third from individuals. Its activities could create some 8,000 to 10,000 jobs, according to the ministry, and help preserve disappearing crafts like stone carving and the casting of church bells.

Already, France has some 6,000 local associations dedicated to protecting historic sites. Many are small and complain that they lack the legal power or money to succeed.

The ministry already has a department of national patrimony with a budget this year of almost $400 million devoted to safeguarding 13,000 "historical monuments" and an additional 24,000 buildings registered as historically valuable.

But officials say the ministry is short of money, too centralized and too cumbersome to step in quickly when needed.

The new foundation, then, would be granted special powers like the right to demand purchase of a building in decline, or to claim first preference on properties at sales or auctions. Some dealers believe the new powers may make it harder for foreigners to buy or sell land, objects or buildings deemed of cultural value.

Q&A / **Tommaso Padoa-Schioppa**

Watching the Banks

Tommaso Padoa-Schioppa is chairman of the Basel Committee on Banking Supervision, which helps to set standards for bank supervision around the world from its base at the Bank for International Settlements. He is also a deputy director general of the Bank of Italy. In London he spoke with Erik Ipsen of the International Herald Tribune.

Q. The end of this month marks the first anniversary of the collapse of Barings Bank under the weight of nearly $1.5 billion in losses from its trading activities in Singapore. Is such an accident any less likely today?

A. It is less likely, simply because every player in the world has learned something from the Barings case regardless of what lessons the supervisory system has drawn.

•

Q. Will supervision ever get to the point where it will bar such incidents from happening?

A. A supervisory system that sets for itself the objective of reducing bank crises or casualties to zero would be a bad supervisory system. The objective of supervision is not to avoid any failure, just as you cannot expect car traffic control systems to reduce to zero the number of car accidents. Every car accident is bad, sad and undesired, but still you cannot expect to have the benefits of people circulating in their cars without the cost of having a rate of car accidents that is above zero.

The consequence of trying to do that would be to forego too much of the benefits of the use of cars, or in the case of finance, too much of the benefits of intense financial intermediation and trading activity. This is an activity that deals by definition with uncertainty and it produces value to the economy just by doing that.

Q. The written records of the efforts of bank supervisors in Britain to get information on Barings from their counterparts in Singapore, and vice versa, read like the story of two nations unsuccessfully negotiating a swap of POWs. How can we possibly learn from our mistakes if regulators will not share with each other all that they know, as they clearly failed to do in the case of Barings and also in that of Daiwa Bank's operations in America?

A. Improving cooperation among supervisors is imperative, but in the end it is a voluntary exercise. More can and should be done in this field. We are far from the point that I think we would like to be.

Q. Why is this not simply embraced as a public good by the authorities?

A. There is a public good, as you say, because in a global financial system financial stability is a public good at the global level. But at the same time, there is a competition among local financial centers. There is an attempt by players to do business where the regulatory requirements are less demanding.

Q. In a number of recent financial disasters, derivative financial instruments played a leading role. How concerned are you by their growing use?

A. The studies made to date do not indicate that, as such, derivatives generate new types of risks. The taxonomy of risks involved in finance has not been enlarged. Derivatives have made risks more complex, more difficult to follow. But the basic ingredients of risk — credit risk, market risk, settlement risk, legal risk — are all known in more traditional instruments as well.

What is more, it is also known that the largest and more frequent cases of bank losses seems still to be due to original credit risk.

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Q. Has the globalization of finance made the job of a supervisor more difficult to define, much less perform?

A. A person like me, who joined this world of central banking and supervision about 25 years ago, remembers a world in which things were rather simple. Then there were three basic financial concepts — equity, insurance and debt. There were three basis types of financial institutions — banks, securities houses and insurance companies. There were three types of supervisors for these three types of industries. And then every industry and system was basically national.

Very rapidly all these frontiers — geographical, institutional and functional — have been eroded and we have now an increasing number of constructs which are not easily classifiable as belonging to only one of the three basic categories and increasing number of players who play in more than one segment of the industry and increasing number of financial activities involving more than one jurisdiction, more than one time zone, more than one supervisor, more than one currency, etc.

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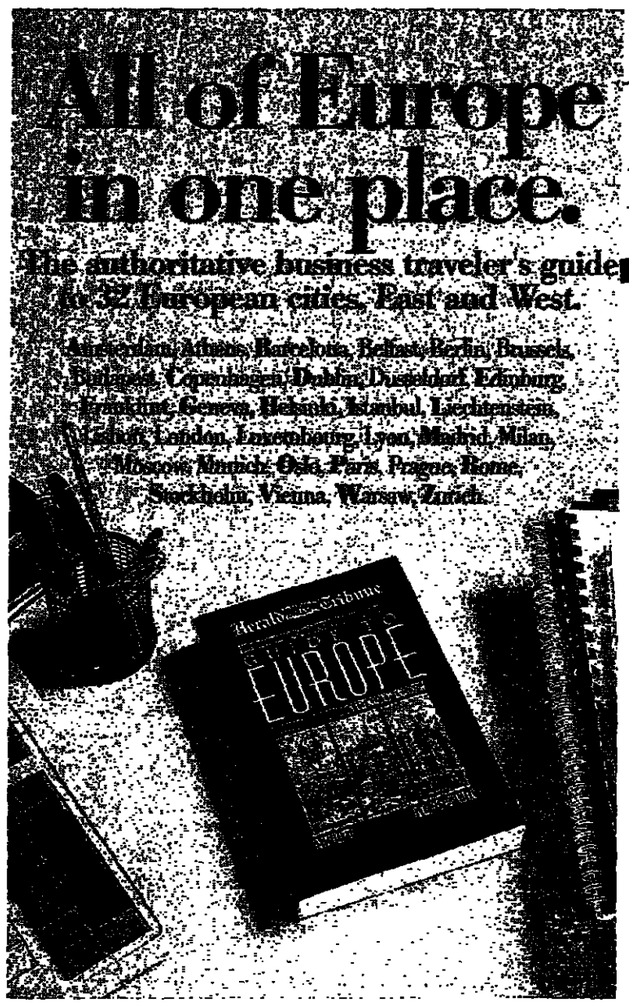
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EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Exodus From Sarajevo

Recall that Bosnia is supposed to remain, at least formally, a multiethnic state and that its capital of Sarajevo, with its suburbs, is supposed to be the particular place where this fundamental objective of peace would first and best be realized. Hence the horror and the tragedy of what has been happening in Sarajevo. Thousands of Serbs, many on foot, are fleeing through snow and mud, destroying possessions they cannot carry with them, some burning their own homes. These are the people who were meant to supply the Serbian component in the new Sarajevo.

And why? First, the Bosnian Serb leadership — which means the indicted war criminals Radovan Karadzic and Ratko Mladic — are cynically urging the Sarajevo Serbs to flee rather than submit to the authority of the Muslim-led Bosnian government. These men would rather have their own people uprooted and miserable than to "lose" them to a restored multiethnic community. They have seen to it that few Serbs are joining the new municipal police force that was meant to comfort all the ethnic groups by having representatives of each in it.

Then, the Bosnian government has been stiff and difficult about addressing the real anxieties of Sarajevo Serbs that Muslims would take revenge against them because of the murderous siege the Bosnian Serbs conducted in the city for nearly four years. Terrified fleeing Serbs are being stoned and spit upon on the street by unrestrained Muslims. There seems to be a palpable feeling that the Serbs, as the city's former tormentors, had it coming to them.

Unable to stanch the flow, the refugee agencies are not offering relief to those fleeing. They argue that what the Bosnian Serbs are doing in promoting the exodus, and the Muslims in condoning it if not hustling it along, amounts to ethnic cleansing and they want no part of it. All the more surprising, then, that the NATO commander should step in to facilitate the flight in the name of "easing tensions."

NATO, which leads the military peacekeepers, is pleased as punch over its clean and incisive performance in separating out the military forces on the right lines. But the much harder mission of consolidating the Dayton accord's political provisions, including re-establishing a multiethnic Sarajevo, falls to a political team that is being starved of the money, manpower and authority to do its job. Surely the parties are going to hold themselves, and will be held by others, to the multiethnic promise of Dayton. Otherwise there will be no peace, only a further ethnic sorting out by violence and fear.

—THE WASHINGTON POST.

The U.S. Interest in Foreign Affairs Is Overstated

By William Pfaff

PARIS — America's internationalism is open to debate in places far beyond New Hampshire, Delaware and the Dakotas. It concerns people in Asia and Western Europe, where fear of American isolationism competes with concern about what some say is a new American expansionism.

The tendency, of course — particularly in the Balkans — is to look for complicated explanations for simple things. Sometimes Americans themselves supply those explanations. A recent article by two New Republic writers *(IHT, Jan. 4)* was much remarked on in Europe and the Middle East because it said that Washington was building a new "empire," to extend from Muslim Bosnia to the Gulf, presumably to ensure American access to Middle Eastern oil and to counter Islamic fundamentalism.

The columnist Charles Krauthammer had the right response *(IHT, Jan. 6)* to the suggestion that America aim to run Bosnia: "Why in God's name would we want that?"

Nonetheless, those of us who argue that despite the Bosnian intervention, the underlying American trend is toward withdrawal from international political interventions and engagements meet considerable skepticism. A recent column of mine *(IHT, Jan. 20)* to that effect provoked responses in the Austrian and French press citing the new U.S. military presence in Macedonia and Albania, as well as the deployment in Bosnia, as evidence to the contrary.

These comments also noted the situation in the former Soviet Union as a reason for expanded American commitments in Europe. In Asia, American military presence is said to be necessary to contain the tensions on China's southern sea-frontiers and to balance Russia, dissuade Japan from becoming a nuclear power and prevent conflict in Korea.

There is much in these arguments, but they ignore America's internal dynamics. They overestimate the influence of the United States' diplomatic and security establishment, which correctly assesses the American interest in European and Asian stability. The State Department and Pentagon do want a continued American security presence in Asia, and an active American role in Europe.

American business leadership is also largely committed to internationalism because it has convinced itself of the rewards of trade in the global marketplace, and simply because American corporations now are often heavily engaged in foreign markets and manufacturing facilities.

However, against these internationalist influences is the force of popular opinion, which since Vietnam has largely been turned inward. Pat Buchanan, in recent presidential primaries, has provided a colorful case of successful isolationist campaigning, but more significant has been the near-complete absence of concern for international matters expressed by the party's other presidential candidates or by the leaders of the Republican congressional majority.

Among the Democrats, things are not much different. Resistance to Bosnian involvement was as common among liberals as among conservatives. The UN has few friends in either party. There is trade internationalism, but that's about all.

Journalists abroad have painful knowledge of this lack of domestic interest in foreign affairs. In recent years, increasing numbers of American correspondents have been called home. The reader at home simply is not interested in foreign news. Or at least editors and publishers at home are convinced that the reader is not interested.

The evidence actually is conflicting. The Chicago Council on Foreign Relations regularly surveys American opinion and finds rather substantial levels of support for internationalist policies. My own feeling is that this tends to express good intentions and principle. It says what people feel they should think. In fact, though, they don't seem to want to watch television or read newspapers and magazines about international affairs, other than when U.S. troops are involved or American national interests are directly engaged. Their latent internationalism can be mobilized, to back the Bosnian intervention, for example. But it is not spontaneous.

There really is nothing surprising in this. The United States is a huge country and has always been a rich generator of domestic subjects of interest, amusement, popular astonishment or popular horror. The national circus has more rings than a person can watch (some of them are better not watched). The rest of the world can seem a long way away.

American internationalism flourished during the years of the celebrated American Century, now closed down. Those were years when Americans felt themselves capable of remaking international society on a better model. Some of the ambitions of the 1950s and 1960s have been fulfilled; others have been forgotten. There is a feeling now that allies are not bearing their share of the burdens, or are competing unfairly, or are taking away American jobs and prosperity. The American reader will recognize what I am saying. The reader abroad should not underestimate what has changed.

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They Should Resign

An official inquiry into British arms sales to Iraq in the 1980s has concluded that two members of John Major's cabinet — William Waldegrave, the chief secretary to the Treasury, and Sir Nicholas Lyell, the attorney general — misled Parliament, the public and the courts while serving the government of Margaret Thatcher.

On Monday, Parliament opens debate on what should be done. For the health of British democracy, both men should step down.

The deceptions took place after officials quietly eased the rules governing arms sales to Iraq, a major British customer.

That change permitted the sale of previously prohibited machine tools and other sophisticated equipment, some of which later turned up in Iraq's nuclear weapons program.

Mr. Waldegrave repeatedly told Parliament there had been no change. Sir Nicholas improperly pressed his cabinet colleagues to issue gag orders to block disclosure of the loosened guidelines in a court case.

Mr. Waldegrave was found to have had firsthand knowledge that his assurances to Parliament were "untrue." Sir Nicholas was judged to have ignored "important constitutional and legal issues" and acted on the basis of "unsound" legal views. Ministers were found to have "designedly" misled Parliament and the public on arms sales policy out of fear of public reaction.

The government, noting that even more serious charges of a deliberate conspiracy were not sustained, brazenly declared that the report "completely exonerates all ministers and civil servants." Still, one member of Parliament has left the Conservative Party over Mr. Major's handling of the case.

For democracy to function, policies must be exposed to open debate. That cannot occur when high officials mislead. Having done so, the two men should now depart.

—THE NEW YORK TIMES.

If Ulster Talks Are to Resume, the 'Arafat Rule' Must Apply

By Stephen S. Rosenfeld

WASHINGTON — In the struggle to rescue Irish peace talks from new IRA bombings, the Arafat rule cannot be ignored. Through the long years when the Palestinian guerrilla leader conducted and condoned terrorism, the Israelis gave him nothing. Only when he renounced violence and showed he was serious was he admitted to the negotiation that is now bringing his people not everything they sought but what his prior wasting of Palestinian assets had left available. Only on the premise of good-faith bargaining did the Israelis start thinking of compromise as the essential second tool, after strength, to build their future.

Somewhat similarly in Ireland: While the military wing (the Irish Republican Army) of Irish nationalism practices violence and while the political wing (Sinn Fein) refuses to condemn it, then neither can expect to join peace talks or to win international support. This is the basis on which the British and Irish governments have addressed the Sinn Fein leader Gerry Adams since the IRA closed out a 17-month cease-fire. They have cut off formal dealings with him.

A like cool detachment ought to mark American handling of Gerry Adams. When you meet him, you understand why many find him a sympathetic figure. Yet he offered himself as a man of peace and, for whatever reason, did not deliver. He needs to earn back — by renouncing the violence in his movement's secret cellar — his visa, his White House access and his license to raise funds in the United States. The notion he now represents is that a party to a negotiation is permitted to turn to violence out of impatience or frustration. This is absolutely impermissible. Nothing could be more destructive of the concept of honest dealing. It is the very definition of coddling terrorism.

The view is now current that the IRA returned to violence because the British government was not coming through, as Sinn Fein had expected, with approval for a Sinn Fein seat at talks on new Irish constitutional arrangements. However valid this complaint against John Major, it is no excuse for terrorism.

Sinn Fein and others offended by the British prime minister's policy had other, peaceful options, including public challenge or waiting until 1997, when British elections will provide an opening to vote Mr. Major out of power. What's one year in a conflict that has gone on, as some count, for eight centuries?

The important thing is to preserve the integrity of negotiations. The former U.S. Senate majority leader George Mitchell and two international colleagues, recruited as mediators, said exactly what this means: a commitment on all Irish sides to "democratic and exclusively peaceful" change.

There is also, however, a darker second view of how the IRA came to resume violence. The people who make up the IRA are said to be driven by a historical memory of Irish independence, one that exalts direct action and denies the validity of politics, diplomacy or a democratic vote to decide the future of their country.

If this is so, things are even worse than they seem. The several hundred IRA terrorists may be concerned not so much that a political solution won't be reached but that one will. For a political solution will be a compromise, which is the only possible result of talks, while the IRA calls for total victory — to oust the British and unify the six now-British counties of Northern Ireland with the 26 of Ireland liberated in 1922. This could come about only by nullification of the rights of the North's Protestant majority, that is, by British abandonment — this is not on.

Of course the British responsibility goes beyond protecting the citizenry of Northern Ireland. It includes reminding the Protestant majority, its client community, that it cannot keep on using its domination in numbers to deny basic elements of protection and choice to the Catholic minority. The British government and the protectors of the status quo in Northern Ireland must be prepared to address the grievances of all sides. But again, if argument fails, elections will give the British people an early opportunity to indicate whether John Major is the man for the job of making peace in Ireland.

The "talks about talks" during the cease-fire went poorly. Yet the Irish people's craving for peace is unmistakable. By elections and other expressions of public opinion, the people are supporting the idea that negotiations must go forward. But they can go forward only among those who commit themselves to respect the results. There is no place for terrorists and their apologists. The Arafat rule.

The Washington Post.

Not Just an Economy

It cannot be an easy time in company boardrooms as the Republican campaign echoes with fiery denunciations of corporate avarice and mistreatment of workers. Pat Buchanan's success in tapping the resentment and insecurity of voters is one thing. Bob Dole's declaration from the Republican mainstream that "corporate profits are setting records and so are corporate layoffs" may hurt even more.

But give Mr. Buchanan credit for transforming the terms of the American debate. His solutions may be toxic, but the economic debate he has publicized is an important one.

Despite solid economic growth and the lowest unemployment in many years, voters are clearly unnerved by corporate restructurings and the search for cheaper labor overseas. Alan Greenspan, the chairman of the Federal Reserve Board, has spoken of the insecurity Americans feel when they see that even profitable companies are laying off people and that free trade, free flows of capital and the extraordinary technological revolution sweeping through the workplace are making their jobs seem less secure.

Most significant, worker pay is falling behind inflation. Last week, for example, the Labor Department reported that median wages for full-time workers, adjusted for inflation, were nearly 3 percent less than in 1979. Men were paid almost 9 percent less while women earned 7.6 percent more than in 1979.

That is no doubt a favorable and overdue development for women, but it explains a lot about why men especially may be flocking to Mr. Buchanan. Even more sobering is that although average household income grew about 10 percent between 1979 and 1994, 97 percent of those gains went to the richest 20 percent of households.

To be fair to corporations, the cost of worker benefits like health care has increased, and insecurity in boardrooms is driving at least some corporate executives to channel their profits into more technology and productivity improvements instead of more pay for workers. Still, a volatile mix of pressures on employees was bound to creep into the political discussion this year.

A few months ago, Stephen Roach, chief economist at Morgan Stanley, predicted that there would be a "worker backlash" in the 1996 presidential campaign. He noted, for instance, that between 1991 and 1995, nearly 2.5 million Americans had lost their jobs because of corporate restructuring.

These dislocations occurred, moreover, as the top pay for corporate executives has soared to nearly 200 times that of the average worker, compared with only 40 times that of the average worker two decades ago.

There have been a few tentative responses to these feelings of anxiety by some companies. George David, president of United Technologies, noted that his company had eliminated 33,000 jobs in the United States since 1990, while adding 15,000 jobs abroad. However, the answer to people's fears, he said, was not a return to a "fortress America" mentality but more investment in training, education and other help to workers who are laid off.

Labor Secretary Robert Reich has proposed tax incentives for companies that retain and retrain employees, and several Democrats in the Senate are preparing legislation with these ideas in mind.

As the evidence of worker insecurity mounts, however, companies need to be reminded that the United States is a democracy, not just an economy. There will always be winners and losers as any economy undergoes transformation, but in an election year the losers are bound to be heard, especially in a general climate of insecurity about the future. Corporations can anticipate the problem instead of registering shock and surprise when it happens.

—THE NEW YORK TIMES.

Has Dole Barred the Path to Potential Republican Winners?

By David S. Broder

WASHINGTON — When the Senate majority leader Bob Dole made it clear, a year ago, that he intended to seek the presidential nomination, a long-time leader of the Republican Party, a man of Mr. Dole's own generation, told me: "I wish Bob weren't doing that. His intentions are good but he is going to cause us a huge problem."

The reason, he said, was that "Dole may not be strong enough to win both the nomination and election, but he is a big enough figure so that no one else in the party may be able to get around him."

The speculations of this Republican chieftain stuck in my mind but never made it into print. Now a year has elapsed and the spectacle in the Republican primaries is confirming that hunch. Mr. Dole does in fact present a huge obstacle to anyone else's winning the nomination. And yet, the shakiness of his performance raises real doubts about his capacity to deliver the White House back into Republican hands.

To measure his impact on the race, you have to go back a year to when other Republicans were deciding whether to run. Many have blamed Senator Phil Gramm, with all his talk about the millions it would cost to run in the primaries and his boasting of his own fund-raising prowess, for supposedly intimidating others into not running. My impression is that many of the would-be contenders guessed, accurately, that Mr. Gramm would not prove an attractive candidate.

But Mr. Dole was something else — the last political survivor of the fabled World War II generation, a man whose office gave him unlimited fund-raising ability, the "heir apparent" to the throne of Nixon, Reagan and Bush, and a figure that most of the other potential candidates genuinely liked and admired.

If the contest had been entirely within the next generation of Republicans, the officeholders between 40 and 60, I doubt that so many of the political stars of that generation — Jack Kemp, Dick Cheney, Bill Bennett, Dan Quayle, Newt Gingrich and a covey of governors — would all have decided to wait for another year. Running against each other would have looked like a fair fight. Running against Mr. Dole was another matter. He occupied so much territory — as the legislator-in-chief, the senior partner in the congressional leadership, the man who was always on the TV talk shows, speaking for the party as well as himself — that he crowded most of these other wannabes off the field.

The result was that the challengers who actually entered the race were mainly lightweights, men who, whatever their abilities, brought little in the way of national recognition or well-known accomplishment.

It is hard to imagine, for example, that had Mr. Kemp or Mr. Bennett or Mr. Quayle entered the race that Pat Buchanan could have emerged in the way he has, as spokesman for the populist conservatives in the party and the winner of the New Hampshire primary.

Absent Mr. Dole, it is hard to believe that the entire moderate conservative wing of the party would have been represented only by Steve Forbes, the man with the flat tax and slash-and-burn commercials, and former Tennessee Governor Lamar Alexander, a man who conceals his creditable government record in a vain attempt to present himself as an "outsider."

With the field he actually faces, the resources of money and political support his Senate position helped him obtain, Mr. Dole ought to be able to sustain his favorite's role and collect scores of delegates in the two dozen contests now popping up on the political calendar. But for any Republican watching Mr. Dole campaign within a few miles of President Bill Clinton in Iowa or New Hampshire, it must have been hard to avoid the sinking sensation that his guy was badly overmatched.

Mr. Clinton was evocative, funny, expansive, enthusiastic, compassionate and visionary — everything people like to see in a president. Mr. Dole's campaign was laconic, low-octane and occasionally lugubrious.

Anything is still possible in U.S. politics. Seeing what has happened already, only a fool would try to guess the remainder of the 1996 script. But so far, that Republican chieftain's warning looks ever more serious.

The Washington Post.

Japan's Top Priority: Decent Jobs

By Thomas Friedman

TOKYO — I found the source of the U.S. trade problems with Japan.

I went shopping at the Mitsukoshi Department store, the Bloomingdale's of Tokyo, and when I walked in the front door I counted 14 salesclerks in the jewelry department alone.

They bowed and offered to help with any purchases. The American in me immediately said: "What a waste of labor! Who needs 14 salesclerks? This store needs downsizing immediately!" But that is not the Japanese instinct. And that's one reason why the United States has a structural trade deficit with Japan.

Let me explain: Unlike America or Western Europe, Japan long ago decided that its top priority was not to have the lowest prices for its consumers, nor to have the highest dividends for its corporate shareholders, but to keep as many of its people (particularly the men) employed in decent paying jobs — preferably for a lifetime with the same firm.

The Japanese understand that a job gives dignity and stability to people's lives and pays off in much greater social harmony. Just walk the streets of Tokyo: few homeless sleeping on grates, no muggers lurking in the shadows.

But to maintain such high levels of employment, to keep 14 clerks behind one store counter, Japan basically had to fix the game.

Japan had to regulate its economy in a way that would protect its domestic companies from foreign competition, by controlling access to its markets. That way Japanese companies could maintain a dual price system. They could charge high prices at home, in a protected market, in order to maintain full employment, while charging lower prices abroad in order to get into everyone else's market and export like crazy.

That is why those who think that Japan's trade barriers will easily give way, or that its economy will be "deregulated" — as its prime minister keeps promising — are fooling themselves.

Many economists argue that in an integrated global economy, Japan will have to become more like America. Its corporations will have to cut costs and downsize to remain globally competitive. Maybe.

Despite five years of zero growth, Japan still has only 3.2 percent unemployment. The sort of job massacres that have become the norm in America — like 40,000 workers at AT&T in one chop — have been unheard of here.

"I am sure that eventually we will be somewhat forced to think American, but we are moving very slowly in that direction," says Yotaro Kobayashi, the chairman of Fuji Xerox. "For social and moral reasons, we will try to avoid going all the way to a U.S. model. We will look for a middle ground."

How? In part it will be by trying to maintain hidden trade barriers. But in part it will be by trying to maintain Japan's unique corporate values. For Japanese executives, says Glen Fukushima, vice president of the American Chamber of Commerce in Japan, "laying off employees is the last option they look for, not the first."

And far from being rewarded for layoffs, corporate executives here are censured for them, by both peers and the press. The first priority of a Japanese company is its employees, then come its customers and last its shareholders — just the opposite of the U.S. corporate mentality.

That's why Pat Buchanan is only partly right. Yes, American workers are being hurt by unfair trade barriers erected by some foreign countries, including Japan, and the United States should fight hard to bring those barriers down.

But U.S. workers are being hurt just as much, if not more, by the skewed sense of priorities that dominates the U.S. business community, where executives get bonuses for massacring their employees.

Maybe the economists are right. The Japanese will have to become like Americans. But they are sure trying not to, and it's worth watching to see if they can pull it off. This is one economic war I'm rooting for Japan to win.

The New York Times.

International Herald Tribune
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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1896: Japan Advances

PARIS — [The Herald says in an Editorial:] According to the British Vice-Consul at Tokio, the progress of Japan in material prosperity keeps pace with her increase in power. Not only is agriculture prospering in the Land of the Rising Sun, but since the war there has been a great rise in the shares of commercial and manufacturing enterprises. The foreign trade of Yokohama and Hiogo entirely throws into the shade that of any Chinese port excepting Shanghai.

1921: Envoys' Homes

WASHINGTON — For the first time in history the United States will own homes for its diplomatic representatives in foreign capitals, following the practice of other leading nations which took this step many years ago and provided adequate quarters to uphold the dignity of their countries. By a vote of 201 to 121 the House has approved the proposal to purchase residences for American diplomatists in the principal cities of the world, deducting the purchase price from amounts owed to the United States and the cost to be not more than $150,000 in each instance.

1946: Freedom Urged

SAIGON — An appeal by French civilians for French recognition of the revolutionary government of Viet Nam caused a sensation here yesterday [Feb. 24]. The appeal came at a time when French soldiers swarm in the streets of Saigon, awaiting the expected reoccupation of Tonkin China with withdrawal of Chinese forces from that area. It was considered a last-minute effort to prompt a compromise between the French military and Annamite revolutionary forces, whose headquarters lay in Chinese-occupied Tonkin.

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INTERNATIONAL

Easing Tension: A Castro Reversal?

By Douglas Farah
Washington Post Service

WASHINGTON — The shooting down of two small aircraft off the coast of Cuba is the second incident in the last week that seems to signal the government of Fidel Castro is *shifting* away from efforts to ease tensions with the Clinton administration and block efforts in Congress to strengthen the crippling 33-year-old economic embargo.

In the last month, senior Cuban officials, including Mr. Castro, have met with U.S. congressional delegations, senior congressional aides and members of thefamily of President John F. Kennedy, and even released three political prisoners to Representative William B. Richardson, Democrat of New Mexico.

Cuban and American officials said in recent interviews that the flow of high-level U.S. delegations back and forth was the highest it had been since the presidency of Jimmy Carter, who explored the possibility of normalizing relations with Havana in 1977.

At the same time, the Clinton administration has relaxed some of the more stringent travel restrictions, especially for Cuban-Americans who want to visit the island.

Last week, the Cubans announced a series of steps that will make it much easier for Cubans living in exile to visit their home country by giving them a document that allows them to enter and leave Cuba *as often as they want for a* two-year period.

U.S. officials interpreted Mr. Castro's willingness to meet with many of the groups

NEWS ANALYSIS

as an attempt to win support from U.S. congressmen to block a bill that would tighten the economic embargo against the island.

Different versions of the bill, sponsored by Senator Jesse Helms, Republican of North Carolina, and Representative Danny L. Burton, Republican of Indiana, have passed both houses of Congress.

A conference committee is expected to send the bill out for passage sometime in April.

But last week in Havana, after a group of Cuban dissidents known as Concilio Cubano announced plans to hold a public meeting, the Castro government cracked down, arresting about 50 activists.

Most were released after less than 24 hours in detention, but human rights advocates and the Clinton administration condemned the crackdown.

The arrests had already interrupted the small steps each side seemed to be taking. Mr. Clinton, seeking re-election, does not want to seem to be soft on Mr. Castro and risk alienating the well-organized, politically active Cuban-American communities in Miami and New Jersey.

But even before the crackdown, many members of the hard-line Cuban-American community in Miami had been pushing for some sort of confrontation with Mr. Castro and had adopted a much more aggressive policy toward seeking his ouster.

First, the hard-liners gathered a flotilla of boats last summer and tried to force their way into Cuban territorial waters, but were cut off by the Cuban Navy.

No shots were fired and the boats were forced to return to Florida.

And again last summer, exile groups flew an airplane over Havana, buzzing the Malecon, the main beachfront highway.

The Cuban government strongly warned that the next airplane to invade Cuban airspace would be shot down, and the Clinton administration publicly warned the exile groups not to enter Cuban sea or airspace, because under international law, the Cubans could use deadly force.

The second known incident came later last year when another airplane overflew Havana and dropped leaflets calling for Mr. Castro's ouster. The Cubans again warned energetically that they would shoot down the next aircraft that violated their airspace, and the Clinton administration again publicly admonished the Cuban-American groups to stop the provocative flights.



Rhona Wise/Agence France-Presse

Cuban-Americans demonstrating at Opa-Locka airport in Miami on Sunday after the two planes were downed.

LANGUAGE

The Full-Frontal Mug Shot

By William Safire

WASHINGTON — *The state of Mary*land seems to be in the pornography business. Here it is on the Motor Vehicle Administration's instructions for renewal of my driver's license: "You must be 21 or older to get a *full frontal* photo license."

I suppose what they really mean is a mug *shot — just the driver's face, taken from the* front, not in profile or three-quarter view, and surely not head to toe in total undress.

Full frontal — the two words occasionally separated by a comma, more often hyphenated as a compound adjective and most often left just standing there naked of punctuation — began with *nudity*. I remember going to an off-Broadway play in 1969 titled "Oh, Calcutta!" expecting to see what is initialized as "T&A," referring to bosoms and behinds, but startled to see the cast of perfectly nice young people lined up, facing the audience, with nothing covering anything. This was described, with a gulp, as "*full frontal* nudity." It was kind of a breakthrough to finality in stripping; there was nowhere else to go.

Images of the naked performers fade (though not with all of us), but the linguistic impact lives on. The earliest citation of the phrase — "*full frontal* nudity on the stage" — was in William John Burley's 1971 British novel, "Guilt Edged." A. Alvarez picked it up in a 1972 Saturday Review: "In these days of *full frontal* intimacy he sticks to the unfashionable virtue of reticence."

The Times of London in 1973 began to extend the meaning beyond nudity by quoting a worried executive's "we're all in for some *full-frontal management*," and Business Week three years later gave the phrase a twist, using *full* to modify the military phrase *frontal attack*.

The extended usage is growing in frequency, gaining ground on "all-out, unrestrained, full-fledged." In a Los Angeles Times review of a book by Philip Roth, Stefan Kanfer writes: "Those who cannot endure *full frontal* history argue that Roth's writer's block had one cause — the inability *to confront this sexual transgression.*" Even further removed from sex is the columnist Paul A. Gigot's use in a recent Wall Street Journal column about Pat Buchanan's presidential campaign: "His Medicare ad is a *full-frontal pander* to seniors."

Unlike many phrases that lose their sexual connotation as they move into general use ("different strokes for different folks," "use it or lose it," "let it all hang out"), *full frontal* retains echoes of its origin. Writers not only mean "unabashed" but often in*tend to convey the sense of* "intended to shock." Old-fashioned, full-figured strict constructionists insist on the hyphen.

□

In what I called "the most misguided judicial decision of the year" — U.S. District *Court Judge John Feikens's order restraining* Business Week magazine from publishing a story about a lawsuit — I noted the judge's metaphorical error in writing "I cannot permit Business Week to *snub its nose* at court orders." What the judge meant to write, I assumed was not *snub*, but *thumb*. To *thumb one's nose* is to place the tip of the thumb against the tip of the nose and wiggle the fingers, long symbolizing an invitation to make an obeisance to the nose-thumber's posterior. He confused a *snub nose* (one with a pug, turned-up tip), which has no connotation of arrogance, with a *thumbed nose, which is overtly contemptuous.*

Feikens writes me that "on reflection, I think I should have used '*thumb its nose* at court orders,' " but argues that "your statement 'the most misguided judicial decision of the year' may also be open to question. In Webster's New International Dictionary, Second Edition, Unabridged, I read these definitions for *misguide:* 'to guide wrongly; to cause (oneself) to do wrong; to misbehave; to mismanage; misgovern; abuse; spoil.' I can assure you that I knew what I was doing, that I was not guided wrongly by following legal precedent (Seattle Times v. Rhinehart, 467 U.S. 20, 1984). I do not believe that I misbehaved."

First of all, judge, retire your second edition of the NID; in today's language, *misguide* (to use Merriam-Webster's 10th and most recent collegiate edition) means "to lead astray"; *misguided* means "led or prompted by wrong or inappropriate motives or ideals," which is precisely what I meant. Forget all those other historical *mis-es*.

It's not for me to argue the First Amendment case against prior restraint before the 6th Circuit Court of Appeals, which I hope *will step up to a decision on this and not duck* by declaring the case moot. (The magazine has since seen fit to publish the story.) Nor do I knock a correspondent willing to engage: "In any event," concludes Feikens, "what you might have meant to say is 'the most disagreed-with by the media judicial decision of the year.' " No argument there.

New York Times Service

CUBA: *U.S. Condemns Downing of 2 Small Anti-Castro Aircraft*

Continued from Page 1

Clinton should now voice his support for tightening the Cuban embargo," Senator Bob Dole of Kansas said.

Mr. Christopher met at the White House for three hours Sunday with Mr. Clinton's top foreign-policy advisers to discuss the incident.

Mr. Clinton was briefed on the results *of the White House meeting, which also* included Defense Secretary William J. Perry; the national security adviser, W. Anthony Lake; the CIA director, John M. Deutch, and General John Shalikashvili, chairman of the Joint Chiefs of Staff.

Cuba's Foreign Ministry said in a statement carried by the Prensa Latina news agency that the planes had come within 8 miles (12 kilometers) of Cuba, *and were shot down after their pilots* ignored warnings to leave.

Passengers aboard a luxury cruise ship, Majesty of the Seas, returned to port in Miami on Sunday morning, horrified at what they had witnessed. One unidentified passenger told WSVN-TV in Miami that a Cuban MiG aimed a missile at one of the small airplanes, which exploded into tiny pieces.

Pilots from the group Brothers to the Rescue dropped leaflets over Havana last July and again in January, urging peaceful protest against Cuba's Com*munist government.*

After the July 13 flyover, Mr. Castro warned that any aircraft that violated Cuban airspace risked being shot down.

Brothers to the Rescue was founded in the early 1990s, when large numbers of Cubans began leaving the island on rafts and other rickety craft, hoping to reach the United States and apply for political refugee status. The group was especially *active in August 1994, when more than* 30,000 Cubans fled the country.

But after the United States and Cuba signed an agreement last year that ended a 30-year U.S. policy of granting political asylum almost automatically to Cuban refugees, the group shifted the focus of its activities. Although it continued to patrol the Strait of Florida in its Cessna Skymaster planes, looking for people fleeing by boat, it also began engaging in more overtly political actions directed against the Cuban government.

Aides traveling with Mr. Clinton in Seattle during the weekend said they *fully anticipated that some of the Re*publican presidential candidates would attempt to exploit this issue to portray the administration as being too soft on Mr. Castro and too easily pushed around.

Patrick J. Buchanan, who is seeking the Republican nomination, said Sunday that U.S. fighter planes should patrol international waters off Cuba. If the Cubans attack planes in those waters, he said, "I *would shoot the Cuban planes down.*"

Congress last fall approved bills to moderately expand the 33-year-old trade embargo on Cuba. But the House and the Senate remain divided on new provisions included in the House bill but rejected by the Senate.

(AFP, AP, Reuters, NYT, WP)

Clinton For School Uniforms

New York Times Service

LONG BEACH, California — In the name of putting "discipline and learning back in our schools" President Bill Clinton has instructed the federal Education Department to distribute manuals to the nation's 16,000 public school districts advising them how *they can legally enforce a* school uniform policy.

"If it means that teenagers will stop killing each other over designer jackets," the president said in his weekly radio address Saturday, "then our public schools should be able to require their students to require *school uniforms.*"

He repeated the theme, of the voluntary use of school uniforms, in a series of appearances, expanding on an idea he mentioned in passing in his State of the Union message.

By *supporting such* measures, Mr. Clinton, in an election year, is trying to articulate a moderate Democratic agenda that steps into the area of social issues that have long been the province of Republicans.

EARRING: *Boy's Trinket Rubs the Wrong Way*

Continued from Page 1

Supreme Court. "The school board thinks Jimmy should look like them." The family lost its case at the local and appellate level.

After four years in the In*diana courts, the Hines case* illustrates how volatile values become when mixed with public policy, even on the smallest scale.

On the surface, the debate is easy to trivialize. The Indianapolis Star recently criticized the Hineses and the *Indiana Civil Liberties Union* for "one of the most frivolous *cases ever to challenge school* policy."

And despite the school board's adamance, Superintendent Paul Baker acknowledged in an interview that earrings no longer represent much of a threat, even in a conservative, rural community.

In interviews, farmers, factory workers and students observed that some of the district's most outstanding youth — including the "student of the month" currently honored on the school's marquee — have pierced ears and consider the ban a "joke," although they obey it at school.

Still, few people here talked about the Hines case without linking it to a larger concern that the nation's social fabric is unraveling, and a fear that their seemingly insulated, tiny school district may not be far behind. The district has spent the equivalent of a teacher's salary in legal fees to defend the ban.

Mr. Baker, the superintendent, said in an interview that the board and the community felt strongly that "rules are rules," and children *should follow them.* The board demoted the longtime *elementary school principal* to a third-grade teacher after he questioned the wisdom of the ban, prompting him also to sue the board.

An independent arbitrators' panel accused the board of using the principal as a scapegoat for "the ordeal" of the Hines case and 400 adults in the 800-student district *signed petitions supporting* the principal.

"With all the bumps and hits we're taking, trying to promote family values here in our own tiny little school district, it makes you wonder how the U.S. government could ever get anywhere on *this,*" said Jerry Baker , a school board member and businessman who is not related to the superintendent.

This saga actually began a generation ago when Jimmy Hines Sr., now 37, pierced his own ear for one of the very motives the Caston school board wants to quell: teenage rebellion. He said he did it to *annoy his father, with whom* he said he had almost no relationship.

Mr. Hines said he wanted to be the perfect father to make up for what he had missed. He said he and his *wife, Andrea, who now also* have a baby daughter, at first planned to name their son Roger, "but I said, 'No. He's going to have the same name I've got.' "

"When he was little, the only time I wasn't around him was when I was at work," said Mr. Hines, who is a factory worker.

Jimmy Jr., large and heavyset with hair that almost covers his ears — and his earring — smiled as his father spoke.

"I just wanted an earring because I wanted to be like him," said Jimmy. Why was that? "Because I love him," he said.

If this sounds like family *values, the Caston school* district has another point of view. School officials and farmers said the Hines family was "not representative of our community."

They observed that Jimmy Hines Sr. wears a ponytail and tattoos, and rides a motorcycle; that Jimmy Jr. is not a star student, and does not *participate in sports.* The Hineses are viewed not as standing on principle but as teaching their son that he can break any rule he does not want to obey.

"If we lean too much toward these things, we're cutting our own throats," said *Gary Zartman, a third-gen*eration farmer with four children in the Caston schools. "I'm very concerned about our nation. Too many people think that if they want something, they can have it if *they've earned it or not, just* take it out of somebody else's paycheck or taxes."

JAPAN: *Accident at Prototype Reactor Threatens Nuclear Plans*

Continued from Page 1

diation was released during the accident.

But the program could die from attrition, or be changed into a research project to preserve the accumulated technology. "The usual way is to postpone and postpone and postpone until *there is nothing* left," said Jinzaburo Takagi, executive director of the Citizen's Nuclear Information Center, an antinuclear group. Indeed, in the two months since the Monju accident, delays have been announced in two other key pieces of the plutonium program.

Breeder reactors offer a self-sustaining source of energy. Even as they generate electricity, they produce more plutonium than they consume by converting some uranium in the fuel to plutonium.

By contrast, a conventional light-water nuclear reactor burns uranium and uses it up, producing *some plutonium* as waste product. Japan intends to obtain *plutonium for its breeder reactors by* reprocessing the waste from its conventional reactors.

When the breeder program was conceived in the late 1960s, it was thought *that uranium for conventional nuclear* plants would soon run out. But uranium is now cheap and abundant, and plutonium is becoming available from weapons dismantled with the end of the Cold War.

"All the claimed advantages — security, political and economic — that appeared initially to favor plutonium use *have changed," said a recent report by* three scholars at the Massachusetts Institute of Technology. "Yet the rationales and main elements of the Japanese plutonium program have not changed."

Japanese investigators say the Monju accident was caused by a broken temperature sensor. The sensors are long rods covered with a stainless steel casing that *protrudes into the flowing sodium.* Vibrations caused by the sodium flow wore out the casing, and it broke off.

Officials say that only about 1 metric ton of the 270 tons of sodium in the pipe leaked. But even that small amount of sodium caused more damage than expected. The *extremely hot sodium,* which can explode if it comes in contact with water, warped a carbon steel floor and reacted with the moisture in air to form a corrosive mist and powder. Some of the mist spread outside the plant and to other rooms through an air duct that *was directly below the leaking pipe.*

But even more attention has focused on what happened after the leak. The Power Reactor and Nuclear Fuel Development Corp., the government-owned company that runs Monju, took more than 90 minutes to shut the reactor, failed to promptly notify some local officials and *concealed videotapes of the accident.*

One 14-minute videotape showed men in silver space suits exploring the room in which sodium compounds hung from the air ducts like icicles. The floor was covered with a fine white powder, so that the men left black footprints. Part of a covering on a pipe was burned away.

But the tape released to the public was reduced to one minute, showing only a small pile of powder on the floor in an otherwise pristine room.

On Jan. 12, the corporation that runs the reactor conceded at a news conference that top officials had taken part in the cover-up. One of the men conducting the *news conference was Shigeo Nishimura,* a company official taking part in the internal investigation of the cover-up.

Late that night, Mr. Nishimura jumped to his death from an eight-story Tokyo hotel, leaving notes saying he was tormented by the discomfort his investi*gation was causing his colleagues.*

ISRAEL: *2 Bombs Kill 26 People and Peres Is Jeered as 'Traitor'*

Continued from Page 1

found a young woman soldier, screaming, with one of her legs blown off. "She was still alive," he said. "We tried to tie on a tourniquet and carried her aside."

Mr. Peres, his head barely visible in a sea of security guards, made a brief tour of the scene as rescue and burial crews picked through the carnage. *He announced that* Israel had sealed its borders *with the West Bank and Gaza* Strip and would break off contact with Mr. Arafat's Palestinian Authority during the period of mourning.

Later, the grim-faced prime minister said he had accepted a condolence *call from Mr.* Arafat but demanded that he act more firmly against *Hamas and Islamic Jihad.*

"We will continue the dual path of war against terror" and of negotiations "to pave the way for a permanent peace," he said.

Mr. Arafat, who generally has avoided immediate comment about bus bombings in the past, sought out reporters today in Gaza. He reacted forcefully when one of the re*porters, using a commonplace* Palestinian euphemism, asked his reaction to the "military operation" against Israel.

"It is not a military operation, it is a terrorist operation," he said. "I condemn it completely and I condemn any power behind it. It is not only *against civilians, but against* the whole peace process."

Policemen said the Jerusalem bomb combined 10 to 20 kilograms (22 to 44 pounds) of high explosives with metal fragments.

The Ashkelon bomb, which *detonated 50 minutes* later and killed two, was similarly built and was carried by a Palestinian in an Israeli Army uniform who walked into a large group of soldiers gathering to ask for rides.

Some 56 people remained in hospitals Sunday evening, 22 of them listed in "serious" or "very serious" condition.

The immediate Israeli political response was subdued. Bomb scenes like this one were once magnets for opposition leaders. But the *mainstream right has been* wary of accusations of incitement after Mr. Rabin's death at the hands of an extreme rightist. The Likud Party chairman, Benjamin Netanyahu, did not show up Sunday.

"A day like today is not a time for political debate," Mr. Netanyahu said. "It is a time for closing ranks and that is the way we will behave."

Asher Arian, a Haifa University pollster, said "the basic patterns are pretty well established" in Israeli political response to a terror attack.

"After a crisis, in the short term, there is a very militant, hawkish reaction," he said. "Then, a few months later, it subsides. It ebbs away. This one is harder because you're in the opening days of a very short election campaign."

CAMPAIGN: *Critical Week for Republican Candidates in U.S.*

Continued from Page 1

Saturday's primary in Delaware, adding yet another element of unpredictability to the race. (Page 3)

But party officials and campaign consultants said that the momentum had now shifted to Mr. Buchanan in all four states since he came close to beating Mr. Dole in the Iowa caucuses and finished ahead of him in New Hampshire last Tuesday. The two Plains states primaries remain friendly territory for the Kansas-born Mr. Dole.

Although he won a minor primary Saturday in Delaware, Mr. Forbes finished fourth in *Iowa and New Hampshire and* needs to show a better return on his personal investment of more than $20 million. Even more urgently, Mr. Alexander, who is trying to restock his treasury for the primaries later in March, has to improve on the third-place standing he won in early contests.

Mr. Dole has the big-name endorsements and organizational support in all four states, and Mr. Forbes has *been blitzing them with* commercials. Mr. Alexander, with more limited resources, is making his main play in South Carolina. But there, as elsewhere, Mr. Buchanan shows *signs of melding a coalition of* anti-abortion and economically anxious voters into a force big enough to threaten everyone else's prospects.

Mr. Dole can offset a potential loss in Arizona with victories in the Dakotas on Tuesday, but after seeing his establishment support fail him in New Hampshire, a loss in South Carolina would send a message that no matter how many endorsements come his way, voters are not enthusiastic about his candidacy.

"We feel we need a win there," said William Lacy, Mr. Dole's deputy campaign *chairman.*

The stakes are equally large for Mr. Buchanan. In the first of the Southern primaries, he hopes to demonstrate that he can rally the conservative wing of the party in the region that has become crucial to Republican victories in general elections. A loss could blunt a Buchanan candidacy that has been building steam since the beginning of February.

*Mr. Alexander cannot sus*tain his hope of replacing Mr. Dole as the anti-Buchanan candidate unless he starts beating Mr. Dole and improving on his third-place finishes. He would like to postpone the day of judgment until Georgia on March 5 or Florida on March 12. But contributors weighing his chances may demand a show of strength this week.

Mr. Forbes is the only Republican other than Mr. Dole to qualify for the ballot in all congressional districts in New York, whose primary is March 7, guaranteeing his continuation until then, almost regardless of how he finishes in the four contests this week. But the contests before then will determine whether he is a real contender for the nomination or just a millionaire promoting *his own policy agenda.*

■ Dead Heat in Arizona

A New York Post/Fox TV poll showed the race in Arizona to be a dead heat between Mr. Forbes, Mr. Buchanan and Mr. Dole. Mr. Alexander was a distant fourth.

But pre-election polls in Iowa, New Hampshire and Delaware consistently underestimated Mr. Buchanan's support and overestimated Mr. Dole's. *Some Arizona ana*lysts believe Mr. Dole could be pushed into third place.

LIBYA: *Chemical Arms Plant*

Continued from Page 1

director, Robert M. Gates.

After the United States accused Libya of making chemical weapons at Rabta, the Libyans said the plant had been destroyed by a fire set by Western agents in 1990. The CIA says the fire was a hoax that allowed Libya to evade *international inspection,* convert it to a legitimate pharmaceutical plant and build the new underground complex.

The CIA has estimated that the Tarhunah plant will be completed "late in this decade." Other government officials said it could be in operation as early as next year.

Controlling the spread of the ingredients used in chemical and biological weapons is next to impossible, because many have legitimate uses.

"Chemicals used to make nerve agents are also used to *make plastics and process* foodstuffs," Mr. Deutch said.

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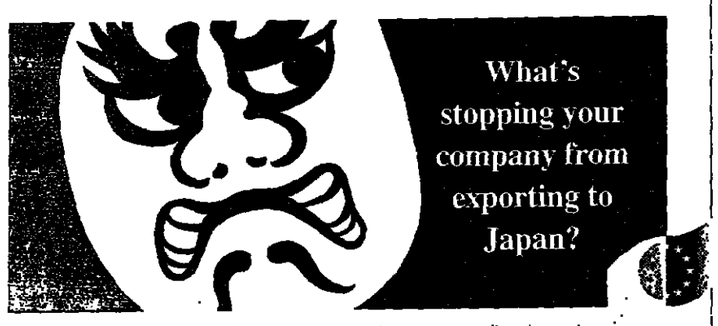
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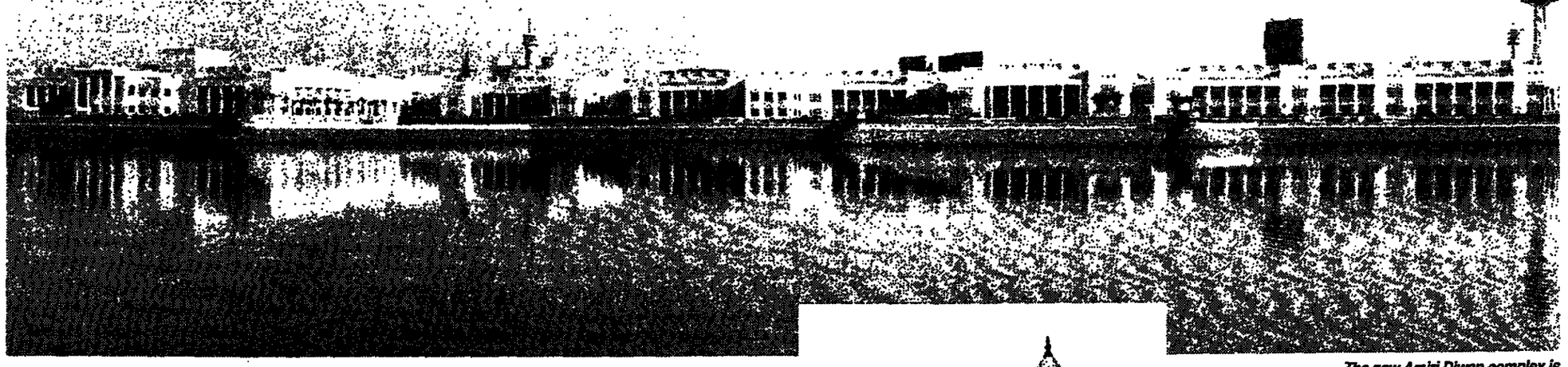
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Kuwait



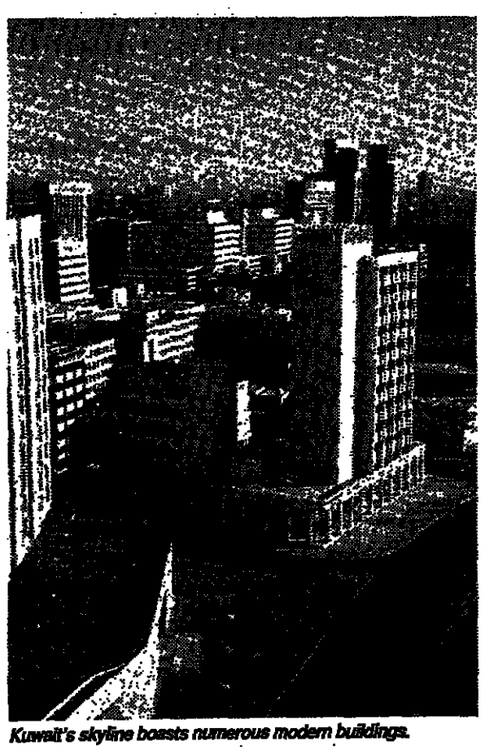
FIVE-YEAR ANNIVERSARY CELEBRATED

February 25 is Kuwait National Day, and today marks half a decade since the country's liberation.

There is little physical evidence left of the invasion or the damage that was done to Kuwait and its oil industry during the Gulf War. The battle scars have long since vanished: More than 2 million barrels a day (bds) of oil are being pumped, the refineries are being upgraded, and a world-class petrochemical complex is under construction.

To the casual observer, life is back to normal in Kuwait, which holds about 10 percent of the world's known oil reserves. The supermarkets, shops, souks, cafés and restaurants are buzzing with activity again after Ramadan. Private enterprise is doing very nicely. The Kuwait Stock Exchange, with its new computerized trading system, continues to rise as more privatizations and new stock issues are anticipated with almost frenetic expectation.

And to symbolize the new postwar era, the skyline is now dominated by the 370-meter (1,214-feet) "Liberation Tower" – 40 meters higher than the Eiffel Tower.



Kuwait's skyline boasts numerous modern buildings.

Topped by a 62-meter steel mast, it is the fifth-highest telecommunications tower in the world. The tower was started long before the invasion, which brought construction to an untimely halt on August 2, 1990, when the tower had reached a height of 221 meters.

Currents of uncertainty

While there may be a feeling of euphoria on the surface, underneath there are some deep currents of uncertainty as the government tries to come to terms with an estimated 1.3 billion Kuwaiti dinar ($4.33 billion) deficit for the next financial year. Nasser Al Roudham, minister of finance, says that he hopes to make cuts of 220 million Kuwaiti dinars in the deficit, which represented 124 percent of the 1994-95 gross domestic product. The deficit that year was a record 1.7 billion Kuwaiti dinars, compared with 1.2 billion Kuwaiti dinars in the first full financial year after liberation.

There has also been continuing concern with the fate of more than 600 missing POWs and others, which Kuwait has made into an international cause célèbre. Kuwaitis are worried about the proposed Iraqi oil-sales-for-food deal, and they are still very much afraid of another Iraqi invasion in spite of international guarantees to maintain Kuwait's border integrity. When Sheikh Saad Al-Abdullah Al-Sabah voiced his feelings about a difficult period ahead with Iraq last fall, millions of dollars were transferred out of the country in panic.

At home and abroad

On the more positive side, there are signs of improved foreign relations with other Arab countries like Jordan and the Yemen, which did not join with the coalition forces to free Kuwait. And on the domestic front, the $20 billion bad debt crisis that followed the Souk Al-Manakh (unofficial stock exchange) crash of 1982 no longer dominates National Assembly discussions following amendments for stage repayments by debtors, which started last December.

During the heady oil bonanza days before the war, public expenditure was never considered a major problem, whether it was on construction, wages or defense. But in today's quasi-democratic system of government, where ministers are called to account in person before the National Assembly, there is a public preoccupation with making the government accountable and its expenditures more transparent. Kuwait is the only Gulf country that has succeeded, much to its credit, in having a fully functional parliamentary system.

While the franchise is still limited (women do not have the vote, a surprising fact in an Arabic society that has one of the more liberal attitudes toward women), it is a far bigger step toward a democratic parliament than has been taken by any other state in the region.

The wages of war

Kuwait faced enormous bills after the war, which cost the country an estimated total of more than $17 billion toward the overall cost of more than $70 billion. Defense spending is currently more than $1 billion a year. To meet these payments and other commitments, Kuwait has been forced to draw down its reserves through the Kuwait Fund for Future Generations (10 percent of all oil revenues go to this fund) and through the sale of many investments held by the Kuwait Investment Authority (KIA). These are said to have fallen from a prewar total estimated at more than $100 billion to its current level of about $30 billion. No official figures are ever released. This year, Kuwait also has to pay off the final payments on the $5 billion international loan that helped finance the war.

Ali Al-Bader, managing director of the KIA – who threatened to resign last fall over possible inquiries into part of the KIA's overseas operations – says that by 1998 the KIA plans to sell its stake in more than 30 companies, which should raise about $3 billion. So far it has sold off 22 companies worth about $1 billion.

Amer Al Tameemi, chairman of the Kuwait Economics Society, says that the budget deficit cure depends very much on the government's ability to cut, or at least rationalize, its spending.

"The real challenge facing Kuwait is how to enter the next century with an economy based on private initiative and a high participation of the Kuwaiti labor force. If Kuwait can achieve this, then the public debt and budget deficit can be solved," says Mr. Al Tameemi.

The wages of workers

It remains to be seen to what degree Kuwaitis will actually contribute as part of the labor force. The current Five-Year Plan estimates a 3.8 percent growth in the population of Kuwait, which, according to figures released last December, is 1.8 million. Kuwaitis account for only 695,000, the remainder being expatriates, the majority of them from the Asian subcontinent and Southeast Asia.

In addition, there are 100,000 stateless persons resident in Kuwait, half the prewar figure. These are mainly migrant "Bedu," most of whom serve in the police or armed forces. Palestinians, who originally formed the majority of the white-collar force, were exiled after the war. According to the Ministry of Planning, 77 percent of those employed in the private sector earned less than $600 a month.

Wages and salaries make up by far the largest single expenditure in the current budget. They total 1.16 billion Kuwaiti dinars, and the National Assembly, which has been discussing the finalization of the plan, wants to slash wages and have them linked to some kind of productivity scheme.

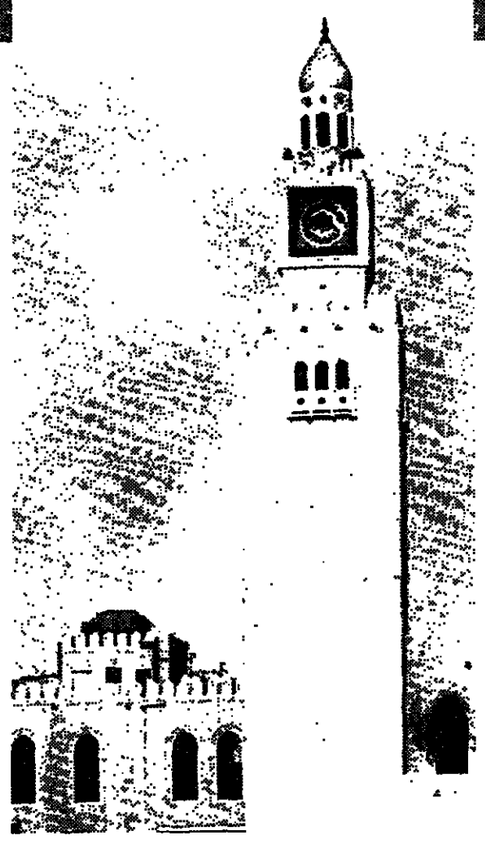
Benefits and obligations

The encouraging productivity development has been in the oil sector, where output has been sustained at just over 2 million barrels a day in line with OPEC guidelines. Kuwait will shortly have the ability to increase its production capacity by a substantial margin, which will eventually reach an estimated 3 million bds by the year 2000. Because of slightly higher oil prices in the past 12 months, total revenues for the coming year are expected to reach 2.9 billion Kuwaiti dinars, of which oil accounts for 2.4 billion Kuwaiti dinars.

Additional income for the government should be coming from the offset program, under which defense contractors must reinvest part of their profits in Kuwait. The program may contribute up to $12 billion over the next few years. While the treasury coffers may not be quite empty, the government is under pressure, not least from the World Bank, to institute some sweeping social and economic reforms. Some of these were already being discussed before the war and included payments for some health services and prescriptions, education and even some kind of corporate taxation.

All these are anathema to a society that has never had to pay a cent toward its social and welfare benefits. The Iraqi invasion was a shock to Kuwait that has now been overcome, but after five years of recovery, Kuwaitis are having a hard time dealing with another shock: the idea that they will have to make a contribution toward their social system.

Michael Frenchman



The new Amiri Diwan complex is the biggest construction project in Kuwait. The Old Sief Palace (above) and clock tower (left), which were destroyed during the war, are nearing the end of their restoration. A marvel of Islamic architecture and style, the palace is a symbol to Kuwaitis of their postwar renaissance.

PALACE RESTORATION MARKS NEW ERA

The landmark project will soon be open again.

Work on the final restoration of the Old Sief Palace, which was destroyed by the Iraqis during the Gulf War, is now nearing completion. The original palace consisted of 10 main buildings – some of which were constructed in the 1880s, making them among the oldest in the emirate.

The Old Sief Palace, located on the waterfront, is to Kuwaitis what the White House is to Americans or Buckingham Palace to the British. Its most notable feature is the clock tower, which resembles London's Big Ben. The clock tower, built in 1973, was one of the later additions to the complex. It was burned along with the rest of the palace by the retreating Iraqis five years ago. Today its restoration marks a sym-

Continued on page 16

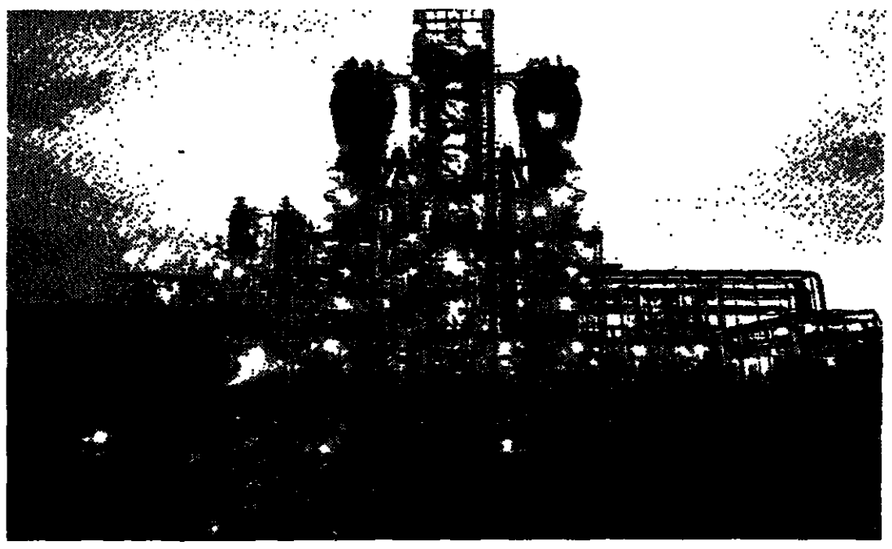
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WRITERS: *Michael Frenchman and Pamela Ann Smith, Middle East specialists based in Britain.*

PROGRAM DIRECTOR: *Bill Mahder.*

Kuwait has started its petrochemical leadership



EQUATE

Joint venture of Union Carbide and Petrochemical Industries Co. is underway.

A world-scale petrochemical complex by Equate is in the construction phase, slated for completion in 1997. The joint venture combines the abundance of Kuwait feedstock with Union Carbide's state-of-the-art technology and worldwide market position in chemical and plastics raw materials. This important new facility is aiding the diversification of the Kuwaiti economy and creating major new employment opportunities during its construction and operation, as well as in other industries downstream, fueling growth throughout the country into the next century. Users of polyethylene and ethylene glycol look for excellent products in 1997.

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Kuwait

SUCCESS IN BANKING AND FINANCE

As the economy continues to improve, Kuwait's banking sector is taking advantage of new opportunities to expand earnings. Measures to enforce debt settlements are helping to improve the medium-term outlook, and domestic credit facilities continue to increase.

Consolidated assets of the commercial banks grew by more than 4 percent in the second quarter of 1995, bringing the total increase for the year to 7 percent. Detailed figures available for the first quarter show that assets reached 8.9 billion Kuwaiti dinars ($29.6 billion) as a result of a 6 percent rise in claims on the private sector and a 4 percent increase in foreign assets.

Private deposits in Kuwaiti dinars grew by 6.5 percent, largely as a result of a 6.2 percent rise in time deposits. Foreign currency deposits rose 14 percent, which was more than double the 6.6 percent recorded during the whole of 1994.



The National Bank of Kuwait has moved into new headquarters.

Flush balance sheets

By the end of last year, this improvement was feeding into banks' earnings, with most of the banks that have reported their results so far showing good gains. The National Bank of Kuwait – the country's largest bank – reported that its net profits reached 65.5 million Kuwaiti dinars in 1995, a 19 percent increase over the 1994 figure.

Significantly, NBK's return on shareholders' equity reached 19 percent, a rise of 3 percent over the period. And return on assets climbed from 1.38 percent to 1.69 percent.

Net profits at Gulf Bank, the second largest, rose 15.5 percent in 1995 to 25.5 million Kuwaiti dinars. Return on shareholders' equity amounted to 16.35 percent, up 1.8 percent from 1994, while the return on assets increased slightly, to 1.8 percent. The Gulf Bank is the first in Kuwait to receive an international rating; this was set by the London-based agency IBCA at A2 for short-term investments and at BBB+ for long-term paper.

Earnings at Burgan Bank nearly doubled last year, rising to 8.05 million Kuwaiti dinars, compared with 4.51 million Kuwaiti dinars in 1994. A cash dividend of 8 percent was declared; in 1994, the bank paid a stock dividend of eight shares for every 100 shares held.

The sector as a whole has benefited from government moves to encourage outstanding debtors to meet their obligations to local banks. More than $20 billion is involved, and the current plan calls for these to be settled by the end of this year.

The Central Bank has also acted to tighten rules on personal and consumer loans following a substantial rise in demand for domestic credit facilities. In the second quarter of 1995 alone, these credits rose 13 percent, compared with 7 percent in the three months from January to the end of March. By the end of last June, before the bank announced the limits on such loans, personal credit facilities accounted for almost 38 percent of total outstanding claims. This had been causing some concern about the impact on inflation and on financial stability.

Since then, the good results have helped to fuel optimism in the capital markets. Trading on the Kuwait Stock Exchange soared in mid-January after the NBK and Gulf Bank announcements, and in anticipation of an improved outlook at another institution, the Commercial Bank of Kuwait. Overall, the banking sector accounted for more than two-thirds of total trading volume on the Kuwait Stock Exchange in the week ending January 17.

New products

Kuwaiti investors are also taking advantage of new products being launched by their institutions to promote investment at home and abroad. In London, the United Bank of Kuwait (UBK), which represents a consortium of Kuwaiti financial institutions, has launched several funds aimed at offering clients a range of opportunities in commodities, emerging markets and equities.

UBK is also promoting an Islamic fund that is attracting interest from conventional Western banks looking to diversify their portfolios. It is being underwritten for $100 million and will be regulated by the Central Bank of Ireland.

The International Investor (TII), a Kuwait-based Islamic bank, has also launched a $10 million emerging market fund that is to be listed this year on the Dublin Stock Exchange, the first product of its kind to be open to such trading in Europe. The Swiss Banking Corporation is helping to develop the fund as well as other outlets for TII clients under an agreement signed in October.

Pamela Ann Smith

ECONOMY STRONG DESPITE CHALLENGES

National security represents the largest expenditure, but other variables tip the balance sheet favorably.

Confidence is returning to Kuwait after the difficulties of the past five years, following its liberation from Iraqi occupation. The economy is projected to grow steadily despite the continuing budget deficit and fluctuations in oil prices, but inflation could be a problem, along with increased unemployment.

Although the details of the current five-year development plan, which runs from this year through 2000, are still lacking, a report by the National Bank of Kuwait (NBK) suggests that real gross domestic product could grow by some 3 percent on average over the period. This is expected to be fueled in part by a rise in income from production and exports of goods and services outside the oil sector, as well as by increased investment in the private sector.

The plan also envisages a decline in public expenditure by about 1.6 percent a year on average over the five-year period. Public revenues are forecast to rise by more than 6 percent annually.

The phased privatization of the government's shareholdings in some 62 local companies listed on the Kuwait Stock Exchange is already producing revenues that are helping to pay the debts that Kuwait incurred as a result of the occupation to finance its continuing expenditures on defense and security.

KUWAIT'S VERY HIGH PER CAPITA INCOME, COUPLED WITH FISCAL BELT-TIGHTENING, WILL LEAVE THE ECONOMY IN VERY GOOD CONDITION

The overall fiscal aim is to completely eliminate the current budget deficits by the year 2000. Revenue in this year's budget is projected to increase by 11.4 percent, to 2.91 billion Kuwaiti dinars ($9.72 billion), against expenditure of 4.52 billion Kuwaiti dinars. Both the current expenditure and deficit figures, in contrast to that for revenues, represent reductions in the budget for the 1994-95 fiscal year, when expenditure amounted to 4.64 billion Kuwaiti dinars and the deficit to 2 billion Kuwaiti dinars.

The increased earnings figures for this year are based on the assumption that world crude oil prices will rise slightly, from an average of about $12 a barrel to nearly $13 a barrel. Given Kuwait's rising oil exports, this would produce revenues of 2.49 billion Kuwaiti dinars by the end of the 1995-96 fiscal year, compared with 2.24 billion Kuwaiti dinars last year.

Defense expenses

On the spending side of the equation, salaries and wages are expected to increase slightly, to 1.17 billion Kuwaiti dinars, accounting for a little over one-fourth of total expenditures. The amount spent on goods and services for health, education and public works, as well as for transport and equipment and development, is expected to decline.

The biggest expenses remain defense and security. Although it is difficult to ascertain in detail because most of these outlays are not specified directly in the current budget, it appears that the overall allocations for these categories is up by about 5 percent. The defense, interior and justice ministries, along with the armed forces and the National Guard, will all benefit.

The variables

In the short and medium term, the outlook will depend on the degree to which inflation continues to increase as well as on the extent to which government expectations regarding oil prices, privatization revenues and spending cutbacks are met. NBK reports that prices have been rising since early 1994 due to a slight depreciation of the Kuwaiti dinar in relation to the main European currencies and the yen. (Kuwait imports almost half its goods and services from Europe and Japan, and a worsening exchange rate for Kuwait means it must pay more for these imports.) Rents and service fees have also increased.

As a result, consumers – both Kuwaitis and expatriates – are turning more to debt finance to enable them to maintain their standard of living. This process, in the eyes of some, could create added inflationary pressures.

As other analysts have pointed out, however, given Kuwait's very high per capita income, any subsequent belt-tightening would still leave the economy in far better condition than some of its main European suppliers.

International ratings

This fact has also been recognized in the country's new international ratings. One of the leading agencies, Moody's Investors Service of the United States, has given the emirate a Baal rating for long-term investments and Prime-2 for short-term credit. As the agency notes, "The rating for Kuwait is based on the country's strong current account position, which substantially mitigates the impact of persistent fiscal deficits."

P.A.S.





Marking up the changes (top photo): The Kuwait Stock Exchange (above) now has a computerized trading system.

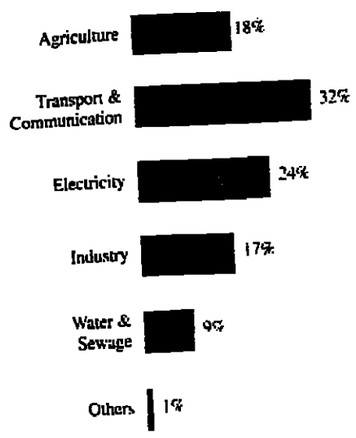
KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

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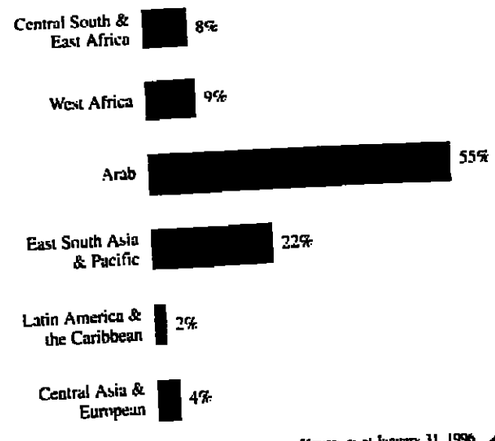
Purpose : To assist Arab and other developing countries in developing their economies particularly by providing them with loans and grants required to facilitate the implementation of their development programmes.

	(US $ Million)
Statutory	6,600
Paid-up Capital	5,874
Reserves	2,921
Loan Commitments	7,993
Total Disbursement of Loans	5,729
Total Repayment of Loans	2,432
Amount of Technical Assistance	0,122
Contributions to Development Institutions (Paid-up)	0,713
Number of Loans	479
Number of Beneficiary Countries (Loans)	77
Number of Technical Assistance	158
Number of Beneficiary Countries and Institutions (Technical Assistance)	72

Sectoral Distribution of the Loans



Geographical Distribution of the Loans



Figures as at January 31, 1996



New Government Complex Is Symbol of a New Era

The Amiri Diwan Project, the official seat of the Kuwait government, is the largest single project to be undertaken by the Ministry of Public Works. Up to 5,000 people have been working on the site, which is just over 1 kilometer (1,093.6 yards) long. Underground "travelators" 850 meters long connect different parts of the complex, which is in the final stages of completion.

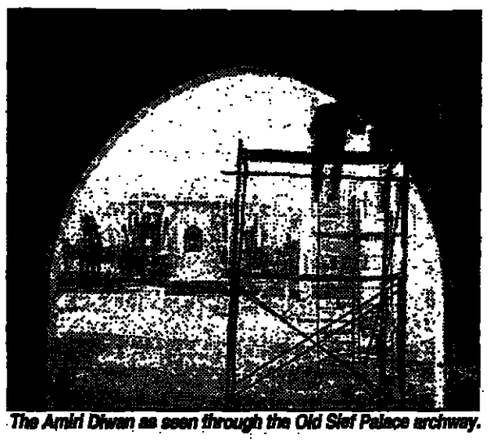
SHEIKA FATIMA AL-SABAH, HEAD OF THE AMIRI DIWAN ENGINEERING DEPARTMENT:

"The Amiri Diwan Project symbolizes the aspirations of the people of Kuwait and will be a monument to the people's resolve in re-establishing Kuwait's sovereignty and to their determination in its renewal as an independent nation state. The buildings comprising the Amiri Diwan Complex will house the executive offices of the Amir, the Crown Prince and Prime Minister and the secretariat of the Council of Ministers. As the primary seat of the government of Kuwait, it will be the pre-eminent landmark of the country, playing host to state guests and visiting dignitaries from around the world. Besides offices, the building complex has spacious ceremonial and banqueting halls and ample facilities for holding state functions.

"The new Amiri Diwan is located north and west of the historic Old Sief Palace, which was the original seat of government until 1990. The cluster of buildings comprising the Sief Palace forms one of the oldest structures in Kuwait. Some portions date back to the late 19th century. These buildings have withstood the ravages of time for more than one hundred years but, sadly, suffered widespread damage during the short but brutal Iraqi occupation. Restoration of these historic buildings to their pristine state is currently under way.

"It is proposed that the renovated buildings will be used for various purposes. These would include public functions, receptions for Eid [post-Ramadan] festivities and as a museum and exhibition hall displaying traditional works of art, sculpture and other similar items. The office space will be used by the Amiri Diwan support staff and for ancillary services.

"The fully restored Old Sief Palace will be consolidated into the Amiri Diwan, linked by an underground walkway. The main entrance to the new Amiri Diwan will be through, and aligned with, the Old Sief Palace archway from Gulf Street. It will thus integrate the old and the new, linking our historic past with our present renaissance and, Inshallah [God willing], a promising future."



The Amiri Diwan as seen through the Old Sief Palace archway.

HUSSAIN AL SAYEGH, MINISTRY OF PUBLIC WORKS'S DEPUTY CHIEF ENGINEER AND PROJECT MANAGER:

Mr. Al Sayegh, who is the MPW's on-site representative, is responsible for administering and executing the project in all its facets, including coordinating the requirements of the users and other ministries; seeking and obtaining approvals from the concerned government agencies and departments; and overseeing the job site organization composed of design consultants, construction managers, A/E's consultants for supervision and an assortment of 22 specialist contractors.



"During the planning stages of the project in the 1980s, the MPW stressed in its terms of reference the need for the design to incorporate and reflect typical Kuwaiti architectural features. These were to include canopies, arcades and courtyards, *darwazas* (entrances) and *roushanas* (niches), ornate parapets and accented fascias. These features were then integrated into the final design by the consultants.

"Construction work began in 1988 but was stopped abruptly on August 2, 1990, when the Iraqis invaded Kuwait. Work on the project was not resumed until late 1992.

"Much of the land reclamation and foundation piling work had been done prior to the invasion: some of the superstructure and miscellaneous site improvements had also been under way. A few contracts had been put out to tender and a few had been awarded and others were being evaluated.

"In 1992, the MPW recommended renewal of as many of the pre-invasion contracts as possible. This was done after accounting for losses and damages, work done and payments effected before August 1990, price escalation and exchange rate fluctuations – among other similar factors. All except two of the original contracts were renewed and work recommenced in December 1992.

"The new project, with an area of 1.7 million square feet, will be the primary seat of the Kuwait government. More than 80 percent of the land was reclaimed from the sea and covers an area of 75 acres. The project site overlooks the Gulf, and the entire northern boundary is next to a trapezoidal-shaped lagoon. The water in the lagoon is enclosed by impermeable breakwaters and is kept at a constant high-tide level by seawater from the Gulf, which is automatically recirculated through a system of imbedded pipes. On the eastern flank of the Amiri Diwan are two helipads and a private marina.

"This is the largest single project undertaken by the MPW, both in size and complexity. It required constant monitoring throughout all phases, from design and prequalification to tender evaluation and contract awards, selection and approval of materials, budget allocations and contract payments.

"The most formidable challenge was reconciling premium architectural finishes with budget contracts without detracting from the overall design. I am glad to say that with the cooperation of all concerned, some of these issues which seemed intractable at the time we faced them, were overcome with the assistance and cooperation of all parties, especially CM, A/E and the contractors."

ALI H. ODEH, PRINCIPAL IN CHARGE, TURNER-STEINER-PROJACS:

"Since the project's inception, the Turner-Steiner-Projacs joint venture has been involved as construction managers. The joint-venture partnership has combined the worldwide resources of Turner, which has its headquarters in New York, and the local Kuwaiti expertise of Projacs, a local construction management company. We served to assist the MPW in managing and administering the project from pre-construction, to tender and award, to construction, through to the testing and commissioning phases. Our role as construction managers acting for and on behalf of the MPW has been strengthened by the ministry's support. Prompt review and approvals, together with swift decision-making by the MPW's on-site representative, have been crucial to the success of the project.



"Since resumption of work in 1992, 22 contracts were awarded. It is significant that all of them except one were Kuwaiti companies. Our involvement in the project enabled us to break down the construction work into discrete, manageable contract packages. This, in turn, gave us an early start on the construction. Contracts were able to be awarded on a progressive basis in accordance with design development and the construction schedules.

"The 'package contract' system gave us the advantage of an early start-up, spreading the design load and above all allowing specialist contracts to be awarded to the appropriate local trades. This innovative management procedure was a marked departure from the traditional system of having one general contractor hiring his own sub-contractors, with attendant mark-up burdens, aggravated by delays in contract award until the entire design work is completed. This strategy also allowed local contracting firms of modest size to participate in this mammoth project, rather than having to depend on large, overseas contractors.

"We are delighted to report that all the contractors successfully met the many challenges which faced them. In fact, during one of his many visits to the project in 1993, Al McNeil, chairman of Turner, commented on the exquisite quality of the concrete work being carried out by Ahmadiah Contracting and Trading Co. He said it was comparable to the quality standards obtaining abroad on selective, high-profile construction projects.

"Even the marine works, which would normally have been carried out by an international specialist contractor, were done after the liberation of Kuwait by a consortium of local companies headed by M.A. Kharafi. We could highlight several similar instances of outstanding performance by local companies.

"In spite of the complexity and size of the project, Turner's proven management skills, tailored to meet the MPW's requirements, enabled systematic and methodical progress to be made through all stages of the construction. During the peak activity, manpower averaged 3,550 persons from 62 nations.

"Monitoring the various activities – involving items such as schedules, contractors' submittals, ordering, expediting, shipment and delivery of materials, site logistics, coordination among the various trades, liaison with other authorities and agencies, etc. – was done using integrated computer systems. We also had to coordinate the activities of the various trades and liase with other authorities and agencies.

"The contractors were allowed access to the system for themselves, which made it much easier to jointly resolve problems and overcome delays and expedite procurement and deliveries.

"An idea of some of the complexities can be gained from the contract for the interior finishes, which involved procuring more than one million pieces of marble paving and cladding panels. These items were critical to the project. It was therefore monitored in conjunction with the contractor, Musadd Al-Saleh & Sons/Kocache Enterprises, down to the finest detail, from shop drawing and ticketing to the actual quarrying, sawing, fabrication, shipment, delivery and installation.

"This could only have been done by using tried and trusted procedures, the right management systems and a well-organized group of experienced consultants, contractors and professionals, all working together in harmony as one team."

JASSIM QABAZARD, PRESIDENT, JASSEM QABAZARD ENGINEERING CONSULTANTS:

"Design work for the project started in 1985 and involved the preparation of 12,000 drawings accompanied by as many sets of design specifications, bills of quantities and tender documents as were required for the individual contract packages. The principal consultants were assisted by Ekono B.E. for mechanical and electrical design, Pan Arab Consulting Engineers for soft and hard landscaping, Salem Al-Marzouk Sabah Abi-Hanna for external infrastructure, Sir William Halcrow and Partners for marine works, and PCK for quantity surveying and contract documentation.



"Among the challenges in the design of Qaser El-Sief, the principal one was to create for the first time in Kuwait a project of this scale, incorporating simple, straightforward architectural elements harking back to the older, more modest buildings of Kuwait and of the Arabian Gulf region. The designers thus focused their efforts on meeting this challenge by using simple geometric forms and motifs that would capture the elegant style of the Kuwaiti architectural heritage.

"Abdullah Qabazard, the Kuwaiti architect, confirmed that the design was based on traditional Arabian and Islamic principles.

"This embraced the concepts of courtyards and canopies, rectilinear and cubic forms, and prominent niches and entrances.

"These were accentuated by juxtaposing contrasting elements such as plain decorations set against florid ones, light against shade, gurgling water fountains against quiet, warm interior spaces, and naturally lighted courtyards against chandeliered ornate domes. The exterior, clad in limestone, has ornamental parapets and cornices on top of the façade.

These are punctuated with *mashrabiahs*, aluminum and glass windows, arcades, colonnaded porches and pillar-and-arch elements which lend depth and texture to the façade. To emphasize the context, the axes of the Amiri Diwan and the Council of Ministers' Diwan were aligned respectively with Mubarak Al-Khabeer and Abdul Al-Salem Streets, two well-known landmarks in Kuwait."

AMIRI DIWAN PROJECT

A LANDMARK PROJECT IN KUWAIT ACCOMPLISHED BY A DEDICATED TEAM OF PROFESSIONALS AND LEADING CONTRACTORS



THE CONSULTANTS

Turner-Steiner-Projacs
Construction Managers, assisting the Ministry of Public Works in all facets of the project from design developement through preconstruction, tender packaging and evaluation, contract execution, construction, commissioning and occupancy phases.

Jassim Qabazard Engineering Consultants
Resumed design work as the principal consultants, assisted by Ekono – mechanical/electrical designers, Pan Arab Consulting Engineers – soft and hard landscaping, Sir Wiliam Halcrow – marine engineering consultants, Salem Al-Marzouk Sabah Abi-Hanna – infrastructure and Bucknall PCK – quantity surveyors.

JQEC-SSH-PACE
A consortium of consultants viz. Jassim Qabazard Engineering Consultants, Salem Al-Marzouk Sabah Abi-Hanna and Pan Arab Consulting Engineers, including Ekono, involved with approval of engineering submissions and supervision of construction and commissioning work.

THE CONTRACTORS

Ahmadiah Contracting and Trading Co.
Leading general contractors of Kuwait, with contracts for piling, substructure, superstructure clad with aluminium, GRC & limestone, external site works and hard landscaping work.

Al Hani Construction and Trading Bureau
Leading general contractor, with post-liberation contract for electrical work connected with the main electrical central plant and equipment serving the entire project.

Arabi Co. W.L.L.
Arabi's landscape and irrigation division undertook the contract for nursery and soft landscaping on the entire project.

Associated Construction Co.
Contractor for site offices and temporary works and subcontractor for a variety of civil works on the project.

Bader Al Mulla & Bros. Co. W.L.L.
Leading mechanical and electrical contractors, providing specialist M&E work, including balancing, testing, commissioning and maintenance.

Fawaz Refrigeration and Air Conditioning Co.
Contractor for main electrical plant and equipment for heating, ventilating and air conditioning.

Gulf Engineering Co. W.L.L.
Mechanical contractor for plumbing, fire protection and HVAC for all buildings in the complex. Furthermore, Gulf Engineering was involved with the repairs of buildings E, F, G and H of the Sief Palace, in association with Morrison International Ltd., and Sikander I. Khan, architect.

M.A. Kharafi, Gulf Dredging Co. and Gulf Deep Foundations (Joint Venture)
A consortium undertaking lagoon and marine breakwaters, helipads, guard houses and all associated civil works.

Al Khateeb Trading Group
Specialised contractor for custom-made furniture & furnishings in all V.I.P. and exclusive areas (H.H. the Amir's and H.H. the Crown Prince's offices, diwanias, protocol halls, etc.)

Kuwait British Readymix Co.
Supplier of concrete for the entire project from on-site batch plant, including quality control.

Kuwait Furniture Manufacturing and Trading Co.(KUFUMA)
Leading furniture manufacturer and contractor for standard furniture, furnishings and equipment.

Modayan & Sons Electrical Contracting & Trading Co. Ltd.
Leading electrical contractor for the whole project, including fire alarm, telecommunications and audio visual work.

Musaad Al-Saleh & Sons/Kocache Enterprises (Joint Venture)
A joint venture contractor for all interior finishes and fittings for the entire project.

Otis Elevator Company
Contractors for all elevators, 'travelators' and electric carts in the project.

Mohammed Abdulmoshin Al-Kharafi & Sons
Design-and-build contractor for Sief Palace central plant serving the entire Sief Palace complex and for renovation of buildings A, B, C & D, performed in collaboration with Gulf Consult.

Kuwait

KUWAIT FUND REACHES OUT TO NEIGHBORS, BOTH NEAR AND FAR

The government provides support to developing countries.

In spite of Kuwait's own economic problems following its liberation, the Kuwait Fund for Arab Economic Development (KFAED) continued to disburse loans and assistance. Commenting on the fund's activities during the 1994-95 financial year, Nasser Abdullah Al Roudham, second deputy prime minister, minister of finance and chairman of KFAED, says that the fund's objective was to help finance vital projects.

These were important for economic development and for improving quality of life. During the financial year, which was the fund's 33rd year of operation, 22 projects were financed. Total loan commitments amounted to 155.14 million Kuwaiti dinars ($517.13 million), covering electricity, transportation, industry, water and sewerage schemes.

"These activities reaffirm the fund's unwavering commitment to support developing countries in their development efforts and to help them overcome the problems and challenges of development. They also emphasize Kuwait's solidarity with developing countries and reflect its keen interest in strengthening friendship and cooperation with them," says the chairman.

Although 68 percent of the recipient countries were Arab, Africa accounted for 17 percent, Asia 7.8 percent, and Latin America and the Caribbean 7.4 percent in 1994-95.

Focus on infrastructure

The total loan commitment up to January 31, 1996 was 2.4 billion Kuwaiti dinars, covering 479 projects distributed among nearly 80 countries. Transportation and telecommunications were the two top sectors receiving loans, followed by the industrial sector, water and sewerage. The average loan value was 5 million Kuwaiti dinars over 22.5 years, with an average interest rate, including loan charges, of 3.39 percent annually.

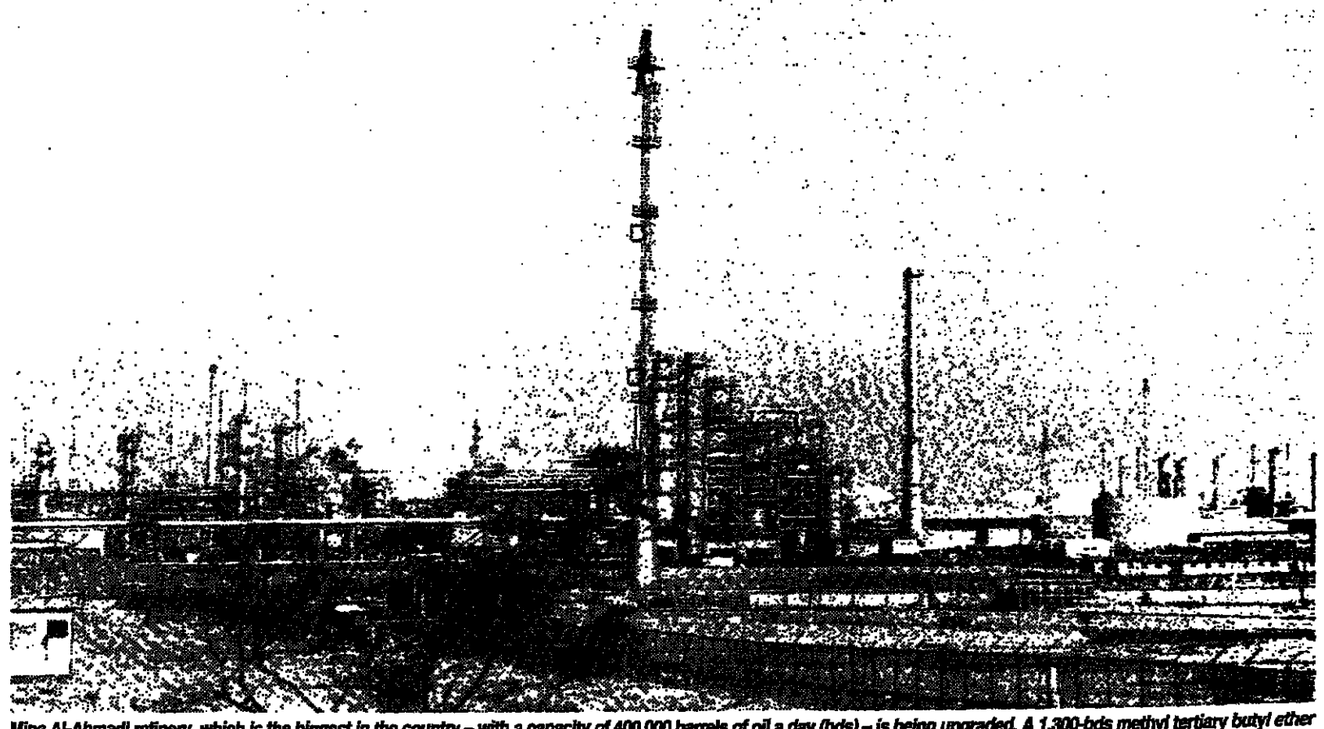
Some of the fund's most recent loans have included new airports or improvements to existing ones (Beirut and Xuedian, China), major roads and highways (Rusayl-Bidbid in Oman and the Rabat-Fez highway in Morocco) and power plants (Garafiri in Guinea and Belesa in Eritrea).

Technical assistance

KFAED also makes technical assistance allocations, which in the last year included water project studies in Kazakstan and Uzbekistan. Other international and regional development institutions have received a total of 216 million Kuwaiti dinars. By far the largest amount, 169 million Kuwaiti dinars, has gone to the Arab Fund for Economic and Social Development.

In its latest annual report, the fund points out that so far it has never suffered any loss on any of its loans, "although from time to time certain borrowers have found it difficult to make timely payment for protracted periods."

M.F.



Mina Al-Ahmadi refinery, which is the biggest in the country – with a capacity of 400,000 barrels of oil a day (bds) – is being upgraded. A 1,300-bds methyl tertiary butyl ether (MTBE) unit is being added. Other refineries are also being modernized, which will give the country a total refining capacity of nearly 900,000 bds.

OIL INDUSTRY, ONCE ABLAZE, RISES FROM THE ASHES

Kuwait is on the threshold of the petrochemical age. Billions of dollars have been invested in new projects and in upgrading existing sites.

Five years ago, Kuwait's 730 oil wells were ablaze in one of the worst human-made environmental disasters of all time. When the North Pier export terminal at Abu Halifa was blasted by Iraqi troops, 11 million gallons of crude oil poured into the Gulf. About 10,000 workers will be helping to build a $2 billion petrochemical complex that will make Kuwait a world-class producer of chemical feedstocks. Both oil exploitation and refining capacity are to be increased this year.

When those fires raged in 1991, nearly $2 million worth of oil revenue went up in smoke every day until the fires were finally extinguished in November of that year at a cost of $2 billion. Most oil experts thought that Kuwait's oil industry had been dealt a death blow from which it would take decades to recover. They were wrong.

Within months, oil started to flow, and within three years production was back to prewar levels. Today, more than 2 million barrels a day (bds) are being pumped, and Kuwait will shortly enter the petrochemical age.

After some delays over final details, Kuwait National Petroleum Company (KNPC) has now initiated a number of major projects that will upgrade and expand the downstream side of the industry. It is currently investing about $250 million in three refinery operations at Mina Al-Almadi and Mina Abdullah.

Shuaiba complex

The largest project of all, which was first proposed before the war, is the $2 billion petrochemical complex under construction at Shuaiba, which will provide Kuwait with its first world-class facility. Last month, Equate Petrochemical Company, a joint venture between Union Carbide Corp. of the United States and its local partners – Petrochemical Industries Co. (PIC) and Boubyan Petrochemical Co. – awarded the contract to build a 450,000-ton-a-year polyethylene plant to Italy's Snamprogretti. The $450 million unit is due to be completed by mid-1997 and will use Union Carbide's Unipol processing technology.

Union Carbide and PIC each have a 45 percent share in Equate, which aims to export to other parts of the Middle East and to Asia Pacific markets.

Another major component of the Shuaiba complex is an ethane cracker that will produce 650,000 tons per year (tpy) of ethylene. This is being built by Brown & Root, which is also supplying the processing technology. Foster Wheeler Italiana is doing the engineering design and construction of a 350,000 tpy ethylene glycol plant. Fluor Daniel Inc. of the United States is responsible for the overall construction management and completion of the project – currently one of the largest of its kind in the world. About 10,000 workers, the majority from Southeast Asia, will be employed on the project during the peak construction period.

Increased demand

PIC was the driving force behind the project, which had to be postponed because of the invasion and the subsequent repair of its damaged fertilizer plant, which was not completed until 1993. The man who got the project moving again within a month of becoming PIC's new chairman and managing director is Khaled Bouhamra. The successful commercial future of the project depends on an anticipated increase in world demand for regular supplies of feedstock.

At the primary end of the industry, Kuwait is planning to raise its refining output.

"We will increase the refining capacity of the Al-Shuaiba refinery by about 200,000 bds by mid-1996, which will bring our domestic refining capacity to about 890,000 bds," says Riyadh Al-Saleh, deputy chairman of Kuwait National Petroleum Co. (KNPC). Al-Shuaiba was substantially damaged during the war, and much of the extra capacity is coming from the rehabilitation and upgrading of some of the damaged units.

Refinery upgrade

One of the biggest upgrades is in progress at Mina Al-Ahmadi refinery, which has a design capacity of 400,000 bds. This is being enhanced by the installation of a 1,300-bd methyl tertiary butyl ether (MTBE) petroleum additive unit. The other domestic refinery is Mina Abdulla, which, according to Mr. Al-Saleh, processes about 260,000 bds. KNPC has another 100,000 bds of refining capacity at plants in Europe.

As part of Kuwait's general diversification policy, KPC has just signed a contract with Fluor Daniel, which will prepare the engineering design and feasibility study for a $1 billion joint-venture refinery in India.

This refinery will be able to process 120,000 bds and will be built in the North Indian state of Orissa. KPC and the Indian Oil Corporation (IOC) are to each have a 26 percent stake in the company, and the remaining shares will be raised by public subscription.

Rising revenues

KPC is forecasting a slight rise in revenues from its petroleum sales, which are expected to raise $4.7 billion for 1995-96, compared with $4.4 billion in the previous 12-month period. The company hopes to increase future revenues through a new marketing initiative in East Asia. "Through the Q8 company, we have a new plan to sell 200,000 bds in the region very shortly," says Hani Hussain, managing director KPC's marketing affairs department.

Developments are currently taking place in the Neutral Zone, where oil production is shared between Kuwait and Saudi Arabia. This area was also the scene of the first serious land battle between the Iraqis and the coalition forces at the oil town of Khafji.

The present oil concession in the zone, which is about to end, is held by the Japanese-owned Arabian Oil Company. AOC produces about 300,000 bds, and a new drilling program is beginning to sustain production levels and will possibly increase them by another 50,000 bds.

M.F.

DEFENSE IS AN INTERNATIONAL EFFORT

The government counts on its traditional supporters and thaws relations with Kuwait's neighbors.

Five years after the allied victory over Iraq, Kuwaitis are beginning to feel more secure. Border issues have been defused, and the country enjoys the firm military support of the United States, Britain and France. But few, least of all in the Ministry of Defense and in the armed forces, will be willing to relax their vigilance given Saddam Hussein's continued hold on power.

U.S. President Bill Clinton's visit to Kuwait in October 1994 demonstrated the continued commitment of Kuwait's most important ally. The visit was accompanied by the dispatch of U.S. combat aircraft and warships to the emirate and other parts of the Gulf in response to heavy Iraqi troop movements toward the border with Kuwait.

Both Britain and France agreed to buttress the allied military presence already in the region and Kuwait's own troop deployments by sending naval vessels and other vital military equipment.

Britain ordered 1,200 of its troops to the area in October to support the 12,000 U.S. troops already stationed in Kuwait, as well as the forces deployed in the northern part of the emirate under the auspices of UNIKOM and the UN's Iraq-Kuwait Boundary Demarcation Commission.

The tension followed measures by the commission to regulate outstanding border issues by moving the land boundary north to give part of the port of Umm Qasr and several of the Rumeila oil wells to Kuwait, and by demarcating the maritime boundary along the median line of the Khor Abdullah waterway.

Following the rapid allied response that autumn, Iraq redeployed its armed forces and agreed later in 1994 to accept UN Resolution 833 recognizing Kuwait's sovereignty, political independence and territorial integrity within the new, UN-defined borders. U.S. and British troops were withdrawn to their previous positions, but pre-positioned heavy equipment and aircraft, along with the multinational forces already stationed in the region, remained in place.

Widening circle of friends

Since the crisis, Kuwait has moved to widen its defense and diplomatic relationships to further enhance its security. For example, pacts have been signed with Russia and China. Measures have also been taken to begin the process of normalization with some countries that remained neutral or that supported Iraq during the 1990-91 Gulf War.

More recently, the government has moved to indicate its support and sympathy for the current suffering of the Iraqi people. The Amir of Kuwait, Shaikh Jaber al-Ahmed al-Sabah, has pledged $1 million to the London-based AMAR Appeal to help refugees from southern Iraq.

Earlier this month, Foreign Minister Shaikh Sabah al Ahmed al-Sabah said that Kuwait now supported international efforts aimed at urging Iraq to accept UN Security Council Resolution 986. This would allow Baghdad to sell a limited amount of oil to purchase humanitarian goods such as food and medicine to alleviate the plight of the Iraqi population.

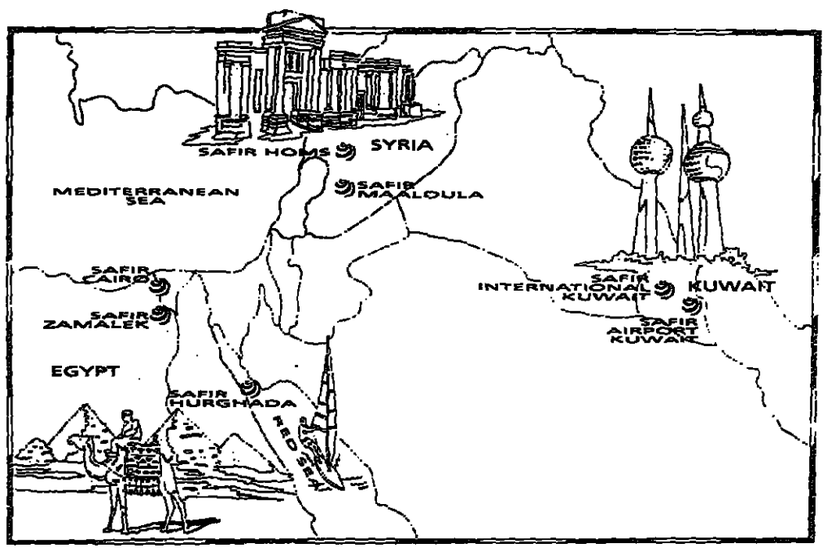
While such moves indicate an easing of tension, the government and the populace in Kuwait remain adamant that all UN measures must be met. Aside from complying with the border issues, they want Iraq to comply with UN resolutions regarding the remaining prisoners of war, compensation for stolen property and the dismantlement of weapons of mass destruction.

P.A.S.

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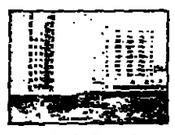

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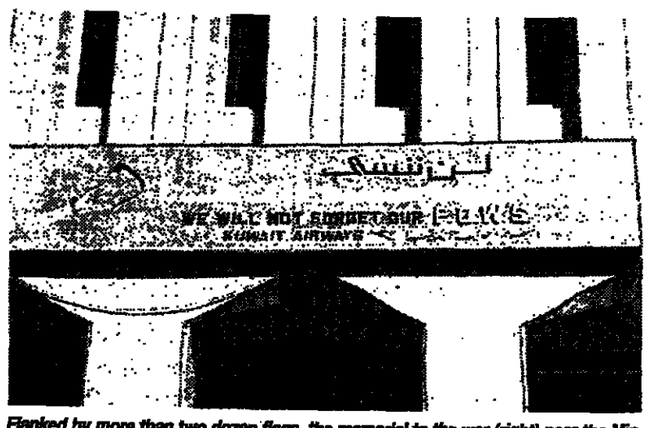

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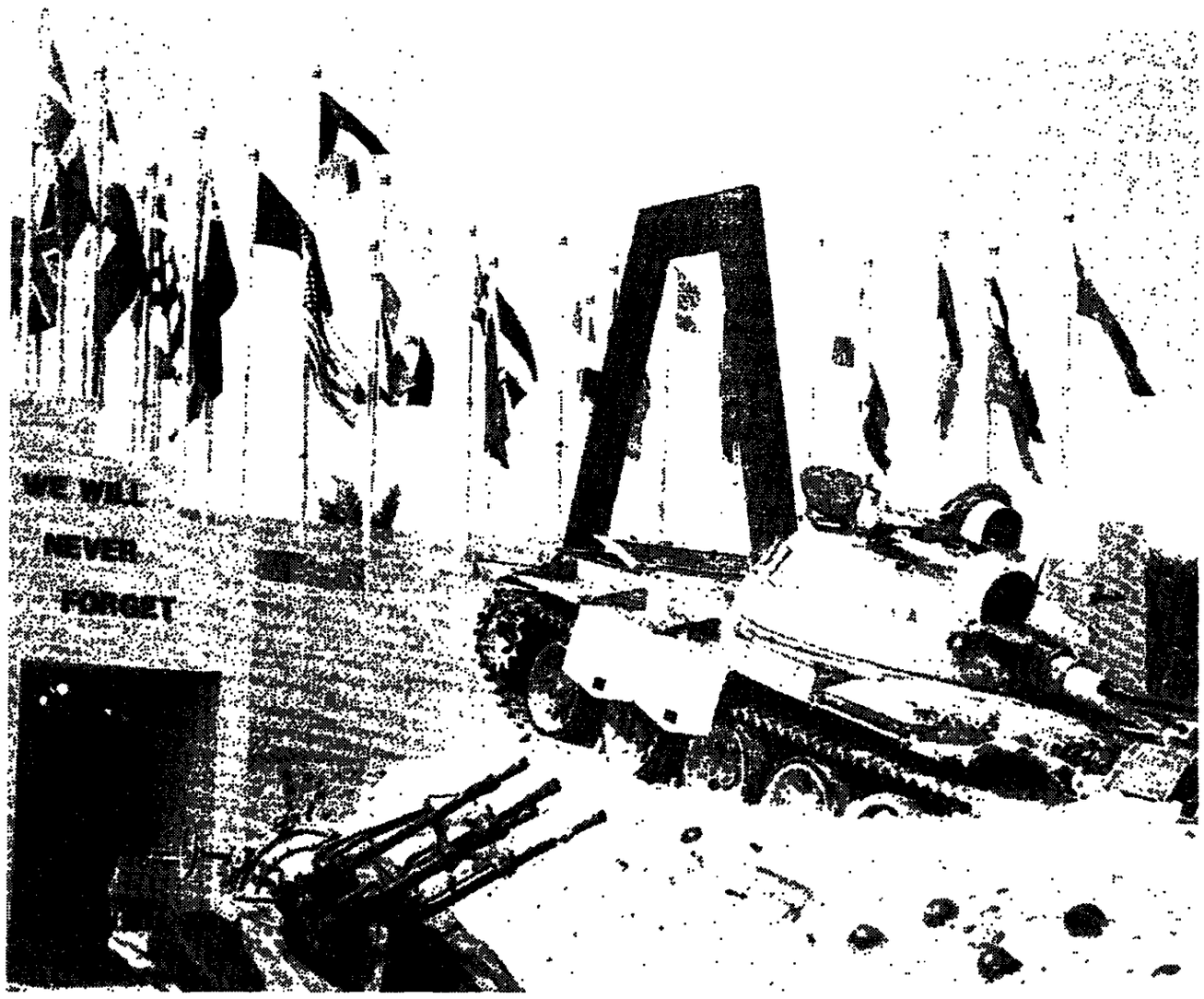

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AND MORE OPENINGS ARE EXPECTED SOON.

Kuwait





Flanked by more than two dozen flags, the memorial to the war (right) near the Ministry of Information reminds Kuwaitis not only of their casualties, but also of the hundreds of people still unaccounted for. A slogan is seen on many buildings in Kuwait (above).

POW Issue Has Yet To Be Resolved

Meetings have failed to yield the prisoners – or even information.

In spite of a considerable internationally backed campaign, Kuwait has failed to draw a significant response from Iraq over the fate of 605 missing prisoners of war. The symbolic yellow ribbon tied in a bow accompanied by the slogan "We will not forget our POWs" is a familiar sight on buildings and official government publications.

The latest round of talks with Iraq took place last month at the Kuwait-Iraq border under the auspices of the International Committee of the Red Cross. Forensic experts and Kuwaiti officials met with Red Cross officials and representatives of the United States, France, Britain and Saudi Arabia. It was the latest in a series of regular meetings that are held every month at various places on the frontier.

The delegates represent a technical subcommittee of the Geneva-based tripartite commission headed by the Red Cross and entrusted by the UN Security Council to find a humanitarian solution to the POW issue. So far, the talks have been held in private and little or no information is released.

One step forward

Ever since the liberation, Kuwait has claimed that more than 600 persons were arrested during the Iraqi occupation between August 1990 and January 1991. The missing people include 550 Kuwaiti citizens and 23 Saudis. Eight of the missing persons are women. At one stage, Iraq admitted that it had taken 126 prisoners, but said that all traces of their whereabouts were lost during the Shiite uprising in the south of Iraq at the end of the war with Kuwait.

According to Duaij Al-Enizi, director of Kuwait's National Committee for POWs and the Missing, Iraq's admission that it did know something about the missing POWs was a significant move forward. He said that samples of body remains believed to be those of Kuwaiti POWs had been sent to the United States and Britain for DNA analysis and that the results were likely to be known soon.

Oil for necessities

Ingo Friedrich, head of the European Parliament's Arab-European Friendship Group, has said that he intends to hold a public hearing on the POW issue at the April meeting of the European Parliament. He said it was "unbelievable and unacceptable" that five years after the end of the war, POWs were still being held in Iraq.

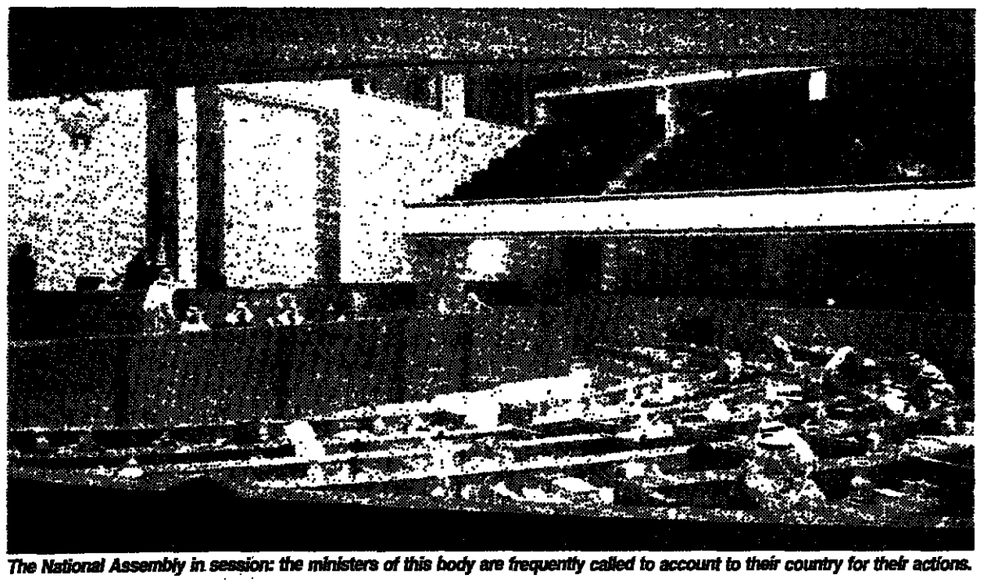
Lady Olga Maitland, a British member of parliament and chairperson of the British Committee for Solidarity with Kuwaiti POWs – a powerful lobby – said there was a risk that the public would forget the issue.

"After one conflict, the world's attention moves on to the next conflict, and people forget there is business to be cleared up," she says. "This is particularly the case with Kuwait."

In New York earlier this month, talks began between the United Nations and Iraq on an "oil for food" plan that had been outlined last April in Security Council Resolution 986. This allowed Iraq to sell $2 billion worth of crude oil on a renewable basis every six months in order to allow the purchase of essential medical supplies, food and other necessities.

In practice, this would mean that Iraq could sell about 700,000 barrels of oil a day, compared with its pre-war production level of 3 million barrels a day. Iraq had originally rejected the idea on the grounds that any UN supervision of the oil allocation would impinge on its sovereignty.

M.F.



The National Assembly in session: the ministers of this body are frequently called to account to their country for their actions.

Companies Broaden Their Horizons

Investments cover a wide range of sectors. The government seeks to diversify the country's economy.

Globalization has always been a key factor in the economic development strategy of Kuwait. Recent acquisitions and investments by Kuwaitis have ranged from buying out Albania's national airline to last month's $145 million takeover of a British engineering company, the BI Group in Birmingham.

Indeed, there has always been a substantial degree of internationalization in both the upstream and downstream side of the oil sector, which has developed a fully integrated operating philosophy: "from the pump to the wheels." Kuwait exploits its own oil fields, has its own refineries at home and overseas (there are three in Europe) and markets its own "Q8" gasoline through a chain of about 6,000 stations in Europe and Southeast Asia. In addition, Kuwait Petroleum International is now seeking opportunities for petroleum distribution and sales in the Commonwealth of Independent States.

Kuwait Petroleum Corporation (KPC) has widespread interests ranging from a share in a Bahrain-based petrochemical plant to a 20 percent holding in the Sino-Arab Chemical Fertilizer Co. in China. Kuwait Foreign Petroleum Exploration Co. (KUFREC) is also active in China, where the first gas production is expected any time now from the company's exploitation of the Yacheng gas field. Onstream operations are also expected to begin shortly at the Kadanwari gas field in Pakistan. In 1994, KUFREC carried out drilling operations in countries as far apart as Tunisia and Australia, but the emphasis on its activities has shifted from pure exploration to development and production of existing oil and gas discoveries.

The Karafi Group, one of the best established traditional merchant family operations, recently bought Albania's airline and is also building a hotel in the country. The hotel and tourist industry are popular areas for Kuwaiti investments.

Name change

"Over the years, Kuwait Hotels has been active under different brand names in the Middle East and Europe," says Ali Ahmed Al-Ghanim Al-Jabr, chairman and president of Safir International Hotel Management (SIHM). The company, under different names, owned the Hilton in Kuwait (now the Safir International), the Churchill and Montcalm in London, the Safir Hotel and Safir Suites Hotel in Cairo, cruise ships on the Nile, a resort hotel at Hurghada in Egypt and two hotels in Syria.

National Industries Co., which is one of the largest companies outside the oil sector registered on the Kuwait Stock Exchange, had already owned a 2.18 percent share in the Birmingham-based BI Group in Britain when it decided to take over the whole company in an unopposed bid in January. NIC, one of Kuwait's leading suppliers of construction materials, is trying to diversify its activities away from the Gulf region. "One of the most important reasons for this acquisition was to get diversification . . . We are trying to buy a presence in Europe, Britain and America," says a director of the company. NIC is also interested in an anti-corrosive pipe-treatment process developed by the BI Group.

M.F.

Banquets To Go

Any food, any place, any time, from traditional Arabic delicacies to exotic Oriental fare or the best French cuisine. Whatever is required, Kuwait Catering Company – with one of the world's largest kitchens – believes it can meet that demand.

"Over the years, we have earned an unmatched reputation for supplying all types of catering services," says a company executive. KCC provides meals not only for the oil industry, but also for the royal palaces, weddings (with up to 5,000 guests) and engineering and industrial projects. It also serves more three-quarters of a million meals a month to schools.

M.F.

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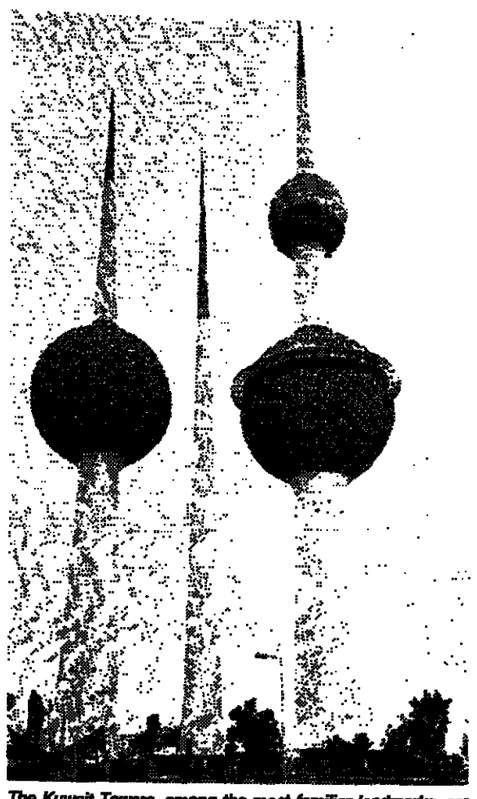
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The Kuwait Towers, among the most familiar landmarks, are open to the public again.

PRIVATIZATION BUILDS ON A THEME: GOING, GOING, GONE

The Kuwait Investment Authority is selling assets in multiple sectors, to the benefit of the stock exchange. The market is active, and a busy year is under way.

A highly successful series of state sell-offs last year and a firm commitment to further privatization this year have increased investor confidence in Kuwait. Coupled with strong company profits, these have fueled optimism in the Kuwait Stock Exchange, where both trading and prices have shown significant increases in the past 12 months.

The most recent privatization issue involved a public offering of 12 million shares in Gulf Cables and Electrical Industries earlier this month by the Kuwait Investment Authority (KIA), the subsidiary of the Ministry of Finance that owns and manages the emirate's investments at home and abroad. Demand for the shares was intense after the concern reported a 75 percent dividend on the heels of an 87 percent rise in net profits last year. As a result, the sale was more than six times oversubscribed. In January, local investors, led by the Kuwait Foreign Trading, Contracting & Investment Company (KFTCIC), also agreed to take 4 million shares in the company in an auction arranged by the KIA.

Second stage

Last year, the KIA sold assets worth more than $1 billion, including companies in the hotels and real estate sector, heavy industry, banking, finance and insurance. Privatization of the National Industries Company (NIC) alone produced 194 million Kuwaiti dinars ($646 million) at a public auction last June.

Investors scrambled to buy the 170 million shares on offer, 49 percent of the total equity, and the final price reached 1.14 Kuwaiti dinars, more than double the opening figure. NIC is now expanding abroad, and earlier this month announced its intention to buy the BI Group, a British engineering company.

This year, as the privatization program enters its second stage, the Kuwait Investment Authority plans to sell shareholdings in several more companies, with a view to liquidating state-owned equity in another 28 companies by 1998. Altogether, this would involve asset sales worth some 800 million Kuwaiti dinars.

> THE KUWAIT STOCK EXCHANGE ROSE IMPRESSIVELY IN JANUARY, FOLLOWING LAST YEAR'S TREND

"We will have a busy year in 1996," Ali Rashid Al-Bader, the KIA's managing director, said in January. "There is demand. The market is very active."

In November, Mr. Al-Bader disclosed that the KIA had received offers from 23 different concerns for shares in the designated companies.

"The most important criterion is market demand," he said. "We have sold good companies, medium-quality companies and companies which had some losses but which people were ready to buy."

Analysts in Kuwait say the second and third stages could involve either public offerings or private placements for major utilities in electricity and water, as well as companies in sectors such as health, education and transportation. Speculation that Kuwait Telecoms will be included in the second stage has been dampened somewhat by a spate of parliamentary objections to the sale. MPs are said to be concerned about the impact of a rise in local telephone charges and the prospect of layoffs among Kuwaiti staff.

Oil marketing and distribution, the analysts report, is another target sector that could get approval this year. Immediate attention has focused on government plans to set up a shareholding company to own and run 20 gas stations.

Equity in the concern would be offered to the public and, if the sale is successful, more than 70 additional state-owned outlets would be sold.

Tops in the Arab world

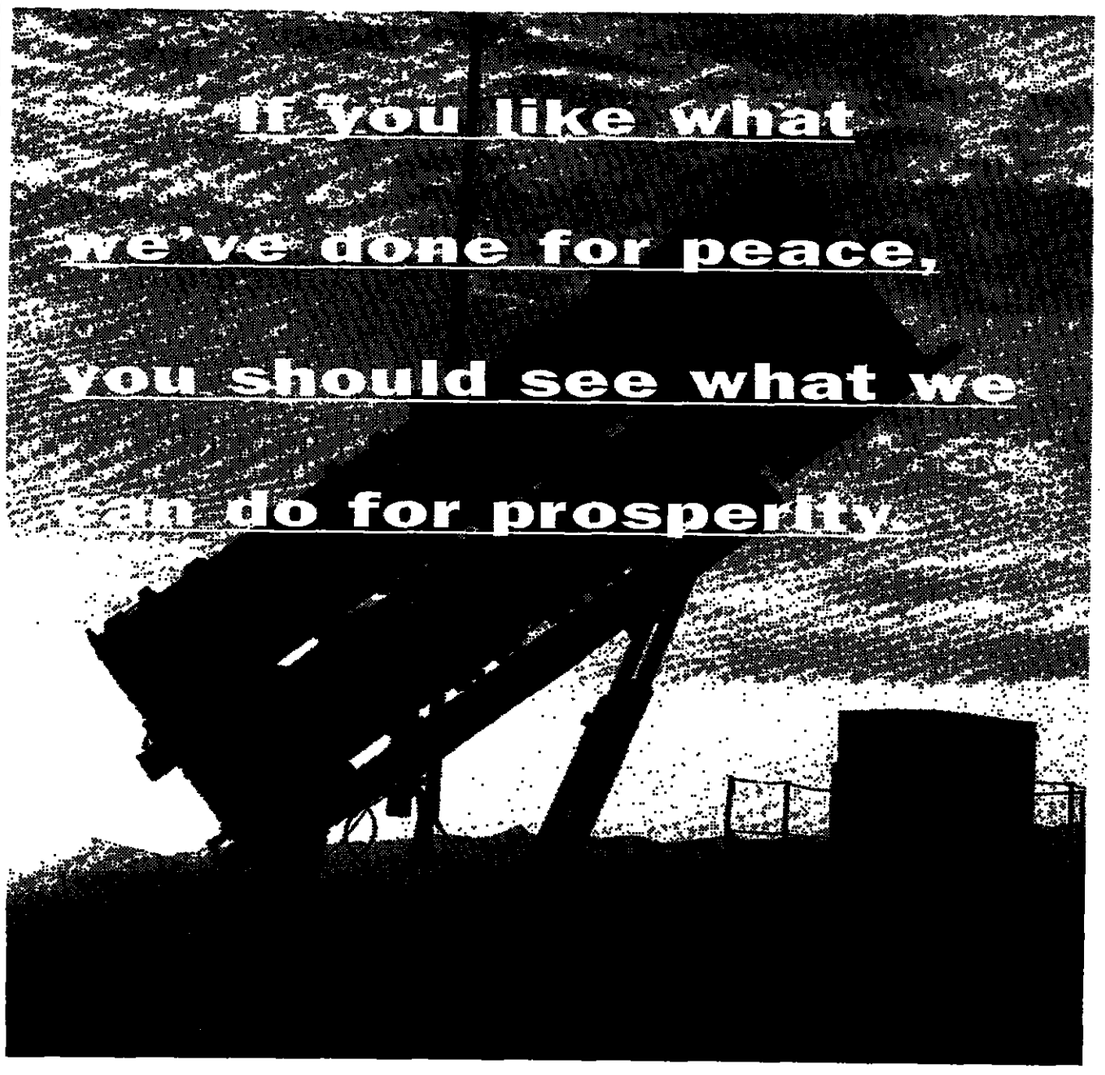
The government's commitment to privatization is expected to underpin trading on the Kuwait Stock Exchange, which continued to rise impressively in January. Analysts report that last year, the Kuwait Stock Exchange was the top-performing market in the Arab world as both strong company earnings and the state sell-offs attracted institutional and individual interest.

The index compiled by a local firm, Al-Shall Economic Consultants, showed a 26 percent increase, and some predict that this figure could rise still further if and when foreigners are allowed to take part.

The computer age

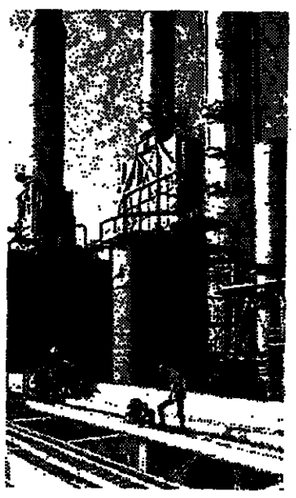
Meanwhile, non-Kuwaiti Gulf-based firms are taking advantage of the opportunity to register on the Kuwait Stock Exchange, including the Manama-based Arab Banking Corporation (ABC), which also lists its shares in Bahrain and Paris. Computerization of the Kuwaiti floor has helped the 14 local brokerage companies to improve their trading operations.

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EXPECT GREAT THINGS

PALACE RESTORATION MARKS NEW ERA

Continued from page 11

bolic era, a new beginning. Originally, the Old Sief Palace housed the offices of the amir, the crown prince and the prime minister; these offices are now part of the new Amiri Diwan complex.

Although much of the main structure of the palace remained after liberation, it had been gutted by the fire and had suffered damage from odd rockets and shells. Virtually every window with fine stone tracing and balconies with elaborate Arabic style fretwork were either totally destroyed or severely damaged.

Three-phase plan

Since the last century, many odd structures had been incorporated into the palace complex, which by the 1980s was beginning to lose its true Islamic style.

In 1985, two companies, Archicenter and Surpmo Praha, were commissioned to do a preliminary study on how to restore and rehabilitate the original palace complex as part of a larger plan to design a new Amiri Diwan.

It was not until two years ago, however, that the Ministry of Public Works took up the recommendations and contracted Gulf Engineering Company and Mohammed Abdulmohsin Al Kharafi & Sons to carry out the work with the help of other local and international specialists. The restoration team was headed by the Ministry of Public Works, together with Turner-Steiner-Projacs, and was carried out in three phases: an estimatation of the damage, emergency repairs and the actual restoration.

Meticulous research

Project research to assemble as much historical written and visual data as possible was carried out at Harvard University, Columbia University and the New York City Public Library. Other research was done at Maidenhead Library, near London in Britain, and at Maidstone Library, where a collection of photographs was found.

The overall aim has been to restore the palace and the main buildings as they were in their prime before the 1940s. The principal structures that have been rehabilitated include the Entrance Gate, the Audience Hall, the Ceremonial Hall and the Crown Prince's office.

Post-1940 additions have been removed to leave the original buildings unencumbered. Throughout the project, great care has been taken to preserve the traditional Islamic architecture and style, right down to the finest detail.

Last month, work started on the repair and cleaning of all external woodwork. Existing doors that had not been completely destroyed were stripped of paint and smoke traces by treatment with solvents and srubbing with steel wire. Defective sections of woodwork were replaced, gaps filled in and the door sanded to be ready for lacquering.

Old design, new comfort

Every effort has been made to replicate original fittings and materials. Dozens of manufacturers and suppliers abroad were contacted to match items provided many years ago or to make as close a match as possible. One of the general problems was making the restoration work compatible with modern heating and air-conditioning systems.



The Old Sief Palace as a shadow of its former self, having been burned out during the war.

The Ministry of Public Works has assembled a design and restoration team of specialists in Islamic architecture, engineering and craftsmanship as well as a multicultural construction team consisting of Americans, British, Egyptians, Indians, Sri Lankans and Bangladeshis.

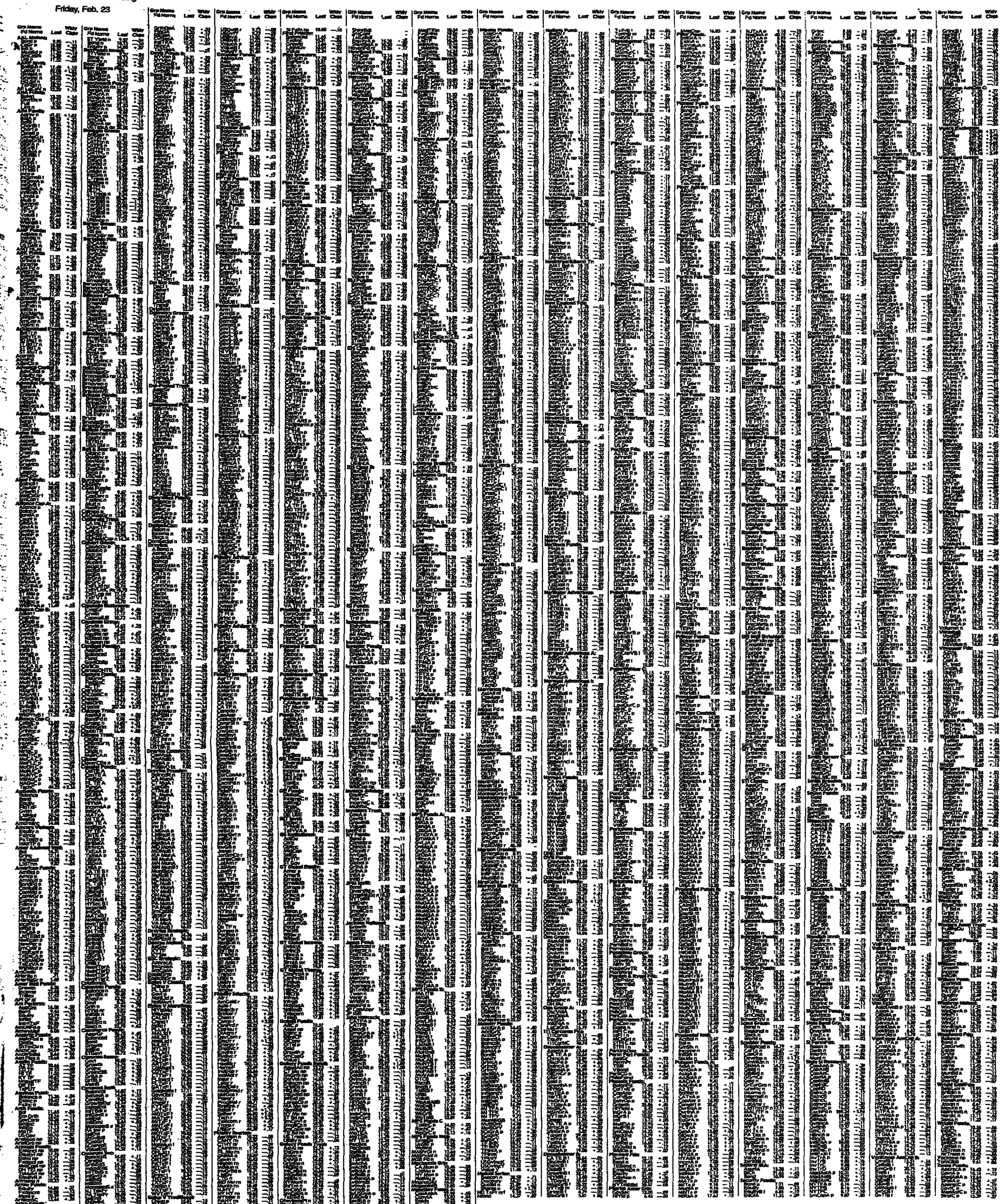
When completed this spring, the Old Sief Palace will incorporate a special museum and exhibition area. It will once again become the traditional center for special events and functions as well as being a testament to the renaissance of Kuwait's Islamic heritage.

M.F.

هذا من الأصل

MUTUAL FUNDS

Figures as of close of trading
Friday, Feb. 23



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Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Feb. 23. Prices supplied by Telekurs.

Rnk	Name	Cpn	Maturity	Price	Yield
Australian Dollar					
118	Ontario	5	11/09/98	91.5000	5.4600
175	Sweden	5	11/30/98	94.3740	5.3000
226	SEK	5	09/01/98	95.1619	5.2500
Belgian Franc					
204	Belgium Tbills	zero	03/28/96	99.7226	2.8600
224	Belgium	7	04/29/99	105.9800	6.6100
Canadian Dollar					
207	Canada	8½	04/01/02	109.1500	7.7900
236	Canada	8¾	12/01/05	109.4162	8.0000
Danish Krone					
7	Denmark	8	03/15/06	102.9500	7.7700
16	Denmark	9	11/15/00	110.2700	8.1600
25	Denmark	9	11/15/98	108.5200	8.2900
26	Denmark	7	12/15/04	97.7100	7.1600
37	Denmark	8	05/15/03	104.8000	7.6300
42	Denmark	8	11/15/01	105.9000	7.5500
54	Denmark	7	08/15/97	102.8800	6.8000
60	Denmark	6	12/10/99	100.6000	5.9600
71	Denmark	7	11/10/24	85.1500	8.2200
96	Denmark T-bills	zero	07/01/96	98.4791	4.3600
104	Denmark	9	11/15/96	102.9500	8.7400
140	Denmark	7	02/15/98	103.7000	6.7500
170	Denmark	zero	04/01/96	99.5429	4.2700
Deutsche Mark					
1	Germany	6	01/05/06	97.7233	6.1400
2	Germany	6	02/16/06	97.7643	6.1400
3	Germany	6½	10/14/05	101.0883	6.4300
4	Germany	7⅜	01/03/05	106.9033	6.9000
5	Germany	6⅞	05/12/05	103.6167	6.6400
6	Germany	5¾	08/22/00	102.5371	5.6100
8	Germany	5⅞	05/15/00	103.0580	5.7000
9	Germany	6½	03/15/00	105.3367	6.1700
10	Germany	8	01/21/02	110.8600	7.2200
11	Treuhand	7	11/25/99	107.1400	6.5300
12	Germany	8¾	08/20/01	114.6000	7.6400
13	Germany	7½	11/11/04	107.6525	6.9700
18	Germany	6¾	09/15/99	106.1600	6.3600
19	Treuhand	7½	09/09/04	107.3200	6.9900
20	Germany	8	07/22/02	111.0200	7.2100
21	Germany	6¼	01/04/24	89.6300	6.9700
22	Germany	6½	07/15/03	102.0300	6.3700
23	Germany	8¼	09/20/01	112.0500	7.3600
24	Germany	8	03/20/97	104.6300	7.6500
27	Treuhand	6⅞	07/01/99	104.7300	6.0900
28	Treuhand	7⅛	01/29/03	105.7700	6.7400
29	Germany	7	01/13/00	107.0650	6.5400
30	Germany	8⅜	12/20/00	114.2800	7.7700
31	Germany	6⅜	01/20/98	104.5867	6.3300
32	Treuhand	6¾	05/13/04	102.6050	6.5800
33	Treuhand	6⅝	07/09/03	102.5220	6.4600
34	Germany	9	10/20/00	114.5900	7.8500
35	Germany	8⅜	05/21/01	112.5800	7.4400
36	Treuhand	6⅝	06/11/03	104.2000	6.6000
43	Treuhand	7⅜	12/02/02	107.3433	6.8700
44	Treuhand	6¼	03/04/04	99.9200	6.2600
45	Germany	7¼	10/20/97	105.2450	6.8900
46	Treuhand	5	01/14/99	101.5600	4.9200
47	Germany	8¼	07/21/97	106.0325	7.7800
48	Germany	6	02/20/98	103.4800	5.8000
49	Treuhand	7¾	10/01/02	109.4675	7.0800
50	Germany	6⅞	12/02/98	106.1300	6.4800
51	Germany	8½	02/20/01	112.8667	7.5300
52	Germany	7⅛	12/20/02	106.1300	6.7100
53	Germany	6⅜	05/20/98	104.3500	6.1100
55	Treuhand	6⅛	06/25/98	103.8550	5.9000
56	Germany	6¾	04/22/03	103.8117	6.5000
57	Germany	6⅜	05/20/97	103.2400	6.1700
58	Germany	8	09/22/97	106.2200	7.5300
59	Germany	6	06/20/16	88.8043	6.7600
62	Germany	7	12/22/97	105.1700	6.6600
63	Treuhand	6⅛	03/26/98	103.7600	5.9000
64	Germany	5¼	11/20/97	102.2200	5.1400
65	Treuhand	5⅜	09/24/98	102.8650	5.4700
66	Depfa	5	02/22/01	97.5230	5.1270
68	Germany	8¾	07/20/00	113.2050	7.7300
69	Germany	8½	08/21/00	112.4667	7.5600
70	Germany	9	01/22/01	114.9200	7.8300
72	Germany	5⅛	02/22/99	102.5480	5.2400
74	Germany	6¾	07/15/04	102.7500	6.5700
75	Treuhand	6¼	07/29/99	104.4000	5.9900
77	Germany	6⅞	02/24/99	106.4060	6.4600
80	Helaba Intl Fin	6	02/21/06	95.1700	6.3045
82	Treuhand	6½	04/23/03	102.0850	6.3700
83	Germany	5¼	10/20/98	102.3857	5.1300
84	Treuhand	5¾	04/29/99	103.2300	5.5700
87	Germany	5¾	08/20/98	103.2360	5.5700
90	Germany	6⅞	08/14/98	104.5650	6.1000
91	Germany	6½	02/20/97	102.8800	6.3200
94	Germany	6	03/20/97	102.5600	5.8500
95	Germany	7½	10/20/97	105.6150	7.1000
97	Germany	6⅛	05/20/99	104.3875	5.8700
98	Dsl Fin	6	02/21/06	92.5433	6.4800
103	Treuhand	5	12/17/98	101.5600	4.9200
107	Germany	8⅝	01/20/97	104.2525	8.0300
108	Germany	6	09/15/03	99.1850	6.0500
109	Germany	7¼	10/21/02	107.1086	6.7700
112	Treuhand	6	11/12/03	98.7063	6.0800
131	Depfa	5⅛	02/07/03	96.3500	5.8400
132	Germany	5¾	08/20/97	102.7500	5.6000
134	Mitsubishi Fin	zero	04/15/96	98.9270	7.5600
137	Germany	7¾	02/21/00	109.3667	7.0900
141	Germany	3.65	09/30/04	99.2000	3.6794
144	Exim Bk Japan	7¼	02/21/05	107.5000	7.2100
146	Germany	8½	04/22/96	100.7700	8.4400
148	Germany	8½	09/20/96	102.7800	8.2700
151	EIB	4⅝	02/22/01	96.6433	4.7900
158	Germany	8½	08/20/96	102.3900	8.3000
159	Germany	6¾	08/20/97	103.6200	6.1500
162	Germany	5¾	05/28/99	102.9467	5.5900
165	World Bank	7⅛	04/12/05	103.7800	6.8700
168	FEK 5.96	5¼	01/16/01	98.3846	5.3400
178	Ontario	5	02/15/01	97.0000	5.1500
181	Sweden	6	09/12/00	101.9500	5.8900
183	Germany	7⅛	11/21/96	102.6500	6.9400
184	Germany	8½	03/20/96	100.3500	8.4700
189	Germany	7¼	01/20/00	107.6625	6.7300
191	BNG	4½	12/30/99	99.0000	4.5500
192	Germany	6½	01/02/99	105.0600	6.1900
194	Germany	6¼	02/20/98	103.8800	6.0200
196	Germany	5¼	02/25/98	102.1700	5.1400
203	Credit Local	5½	10/18/00	99.6000	5.5200
218	KFW Intl Fin.	6¼	10/15/03	99.3500	6.2900
221	Germany	8¾	05/22/00	113.2200	7.7300
222	Spintab	3.4125	05/17/01	99.7600	3.4207
229	Germany	6¾	09/22/97	104.2680	6.4700
230	Bundespost	7¾	10/01/04	107.5000	7.2100
231	Germany	6⅜	01/20/98	104.0900	6.1200
235	Abbey National	4⅝	02/15/00	98.3700	4.7000
239	Germany	3.55	04/06/00	99.7800	3.5578
241	LB Rhein Pfalz	7¼	04/20/05	103.0000	7.0400
244	BadWuert L Fin	6¾	06/22/05	101.0000	6.6800
Dutch Guilder					
15	Netherlands	6¼	07/15/98	104.0000	6.0100
40	Netherlands	6	01/15/06	97.6000	6.1500
85	Netherlands	6½	07/15/98	104.5000	6.2200
86	Netherlands	7	03/15/99	106.0500	6.6000
93	Netherlands	6¾	11/15/05	102.9000	6.5600
102	Netherlands	9	05/15/00	113.8000	7.9100
105	Netherlands	8¼	02/15/07	113½	7.2700
113	Netherlands	7½	01/15/23	105.4000	7.1200
114	Netherlands	7	02/15/03	105.7500	6.6200
116	Netherlands	7	06/15/05	104.7000	6.6900
123	Netherlands	7½	06/15/99	107.6500	6.9700
125	Netherlands	7	05/15/99	106.1600	6.5900
130	Netherlands	6¾	02/15/99	105.4000	6.4000
133	Netherlands	5¾	01/15/04	97.4500	5.9000
142	Netherlands	6½	04/15/03	102.7500	6.3300
143	Netherlands	8¼	03/15/01	112.70	7.5400
154	Netherlands	7½	04/15/10	107.3000	6.9900
166	Netherlands	8¾	09/15/01	114.3500	7.6500
180	Netherlands	8¼	09/15/07	113.6000	7.2600
188	Netherlands	7¾	03/01/05	109.9000	7.0500
206	Netherlands	8¼	06/15/02	112.45	7.3400
216	Rabobank Neth	5¼	02/15/01	99.2500	5.2900
220	Netherlands	7¼	10/01/04	106.6300	6.8000
249	Netherlands	8¼	02/15/00	110.5500	7.4600
250	Dresdner Fin	5¼	02/15/02	96.8500	5.4200
ECU					
61	France BTAN	6	03/16/01	98.6900	6.0800
81	UK T-note	8	01/27/98	104.8750	7.6300
89	France OAT	6	04/25/04	93.8000	6.4000
100	France OAT	7½	04/25/05	101.8750	7.3600
106	UK T-note	5¼	01/21/97	100.3750	5.2300
110	France BTAN	7¼	03/16/98	103.7400	6.9900
111	France OAT	9½	04/25/00	111⅞	8.4900
115	France OAT	8½	04/25/22	102.6500	8.0400
120	Britain	9⅛	02/21/01	111¼	8.2000
121	UK T-note	5	01/26/99	98.3750	5.0800
126	France BTAN	7½	03/16/97	102.6900	7.3000
127	France OAT	6¾	04/25/02	100.4375	6.7200
157	France BTAN	5	03/16/99	98.3800	5.0800
163	France OAT	10	02/26/01	115	8.7000
202	Italy	6¼	02/21/99	101.5000	6.1600
214	France OAT	8½	03/15/02	108.4600	7.8400
217	UK Tbills	zero	05/16/96	98.9543	4.6200
243	EIB	10	01/24/01	114¼	8.7500
Finnish Markka					
246	Finland	9½	03/15/04	113.9941	8.3300
French Franc					
139	France OAT	8½	11/25/02	111.8300	7.6000
145	France BTAN	7	10/12/00	104.8800	6.6700
198	France BTAN	7¼	08/12/97	103.3800	7.0100
200	France OAT	8½	04/25/03	111¾	7.6100
215	France BTAN	7¾	04/12/00	107.5700	7.2000
Italian Lira					
208	Italy	10½	11/01/00	102.2300	10.2700
210	Italy	10½	04/01/05	100.3300	10.4700
Japanese Yen					
174	SHK Prop		06/29/99	99.4500	-
213	World Bank	5¼	03/20/02	113⅞	4.6300
227	World Bank	4½	06/20/00	109.1250	4.1200
248	World Bank	4¾	12/20/04	111⅝	4.2600
Spanish Peseta					
119	Spain	10.15	01/31/06	101.9670	9.9500
122	Spain	10.10	02/28/01	103.0420	9.8000
124	Spain	12¼	03/25/00	109.9270	11.1400
176	Spain	10	02/28/05	100.7160	9.9300
179	Spain	7.40	07/30/99	95.4070	7.7600
223	Spain	10.30	06/15/02	103.3350	9.9700
Swedish Krona					
150	Sweden	6	02/09/05	81.5800	7.3500
167	Sweden	13	06/15/01	119.8806	10.8400
193	Sweden	10¼	05/05/00	107.2000	9.5600
197	Sweden	11	01/21/99	108.1254	10.1700
U.S. Dollar					
14	Brazil Cap S.L.	4	04/15/14	67.7128	5.9100
17	Argentina FRN	6 11/16	03/29/05	75.1300	9.0700
38	Venezuela	6 9/16	12/18/07	56.8700	11.5400
39	Argentina par L	5	03/31/23	56.2500	8.8900
41	Brazil par ZI	4¼	04/15/24	52.5732	8.0800
67	Venezuela	6¾	03/31/20	56.3800	11.9700
73	Brazil L	6 9/16	04/15/06	74.0000	9.2100
76	Mexico par A	6¼	12/31/19	65.0000	9.6200
78	Sweden	4½	03/24/99	97.5270	4.6100
79	Brazil 930.0	6⅜	01/01/01	89.2500	7.1400
88	Ontario	6	02/21/06	97.5119	6.1500
92	Brazil S.L	6⅞	04/15/12	63.0000	10.9100
99	Argentina L	6 9/16	03/31/23	67.2500	9.7600
101	Brazil S.ZI	6 11/16	04/15/24	65.1300	10.4600
117	Mexico par B	6¼	12/31/19	65.0000	9.6200
128	Poland	6⅞	10/27/24	87.0000	7.9000
129	Canada	6⅜	07/21/05	100.7500	6.3300
135	Bulgaria	6¼	07/28/11	47.9594	13.0300
136	Glaxo Wellcome	6⅛	01/25/06	97.3750	6.2900
138	Poland	3¾	10/27/14	77.1866	4.8600
147	Argentina	5½	04/01/01	102.0000	5.3922
149	Mexico A	6.7656	12/31/19	74.1300	9.1300
152	Bco Com Ext.	7¼	02/02/04	82.5000	8.7900
153	Ecuador par	3	02/28/25	37.1300	8.0800
155	Bulgaria	6¼	07/28/24	52.0000	12.0200
156	NAB	5.15	02/21/97	99.9500	5.1500
160	Mexico	9¾	02/06/01	99.5000	9.8000
161	Italy	6⅞	09/27/23	92.8750	7.4000
164	Ecuador	3	02/28/15	42.0880	7.1300
169	Argentina	8⅜	12/20/03	86.8750	9.6400
171	Venezuela S.A	6 11/16	03/18/07	57.1900	11.9100
172	Mexico		11/27/96	105.8986	
173	Mexico D	6.5469	12/28/19	74.1300	8.8300
177	World Bank	6⅜	07/21/05	101.3750	6.2900
182	Britain	7¼	12/09/02	107.2500	6.7600
185	Ford Credit	zero	03/20/96	99.5924	5.0900
186	Mexico B	6.7656	12/31/19	74.1300	9.1300
187	Fannie Mae	7.40	07/01/04	108.1250	6.8400
190	KEXIM	6⅜	02/15/06	97.8750	6.5100
195	Nigeria	6¼	11/15/20	50.7500	12.3200
199	Ford Credit	5.38	02/15/03	99.9301	5.3838
201	SMC	2⅜	02/15/00	100.0000	2.3800
205	SMC	2⅜	02/15/00	86.7500	2.7400
209	Venezuela B	6¾	03/31/20	56.3800	11.9700
211	Finland	6¾	11/24/97	102.6250	6.5800
212	SMC	3⅛	02/15/01	84.3499	3.7000
219	Mexico C	6.6094	12/31/19	74.1300	8.9200
225	New Zealand	5.4805	04/06/99	99.8700	5.4900
228	KFW Intl Fin	8¼	11/30/04	112⅜	7.3300
232	Brazil S.L	6⅞	04/15/09	68.1300	10.0900
233	Sweden	6½	03/04/03	102.2500	6.3600
234	TVA	6	11/01/00	101.2500	5.9300
237	Finland	7⅛	07/28/04	110½	7.1300
238	Ontario	5¼	08/17/99	99.9300	5.2537
240	Natl Bk Canada	5.35	02/15/01	99.7600	5.3600
242	Henderson Cap.	5	10/27/96	104.2500	4.8000
245	BankAmerica	5⅛	02/21/03	99.6270	5.4000
247	Ecuador	6 11/16	02/28/25	56.3750	12.0800

Investors Unravel Bond Positions

By Carl Gewirtz
International Herald Tribune

PARIS — Although data are not available, the market talk and the way U.S. bond prices fell and the dollar weakened against the yen recently suggest that speculators last week began to unwind positions linking the markets.

Reports from Tokyo estimate that foreigners — led by U.S. hedge funds — have borrowed since last winter the equivalent of some $30 billion worth of short-term yen at a cost of around 0.5 percent to finance the purchase of U.S. government notes yielding 4.5 percent.

The 4 percentage point difference between cost and yield is the size of the profit, which explains the huge size of the position.

But the actual profit is vulnerable to two variables: a rise in Japanese interest rates will increase the cost to carry the yen loan, or a fall in the price of the U.S. securities will impair the resale value of the paper.

The decision to unwind the trade appears to have been triggered by nervousness about how long the Bank of Japan can maintain its low money-market rates, by uncertainty over the direction of U.S. interest rates and by a desire to book the substantial profits that have already been earned.

The pressure on the exchange rate — selling dollars for yen to repay the initial loans — was sufficient to drive the Bank of Japan into the first substantial intervention of the year.

Traders estimate it spent some $7 billion last week to lift the dollar from the low Monday of 103.60 yen to a high of 106.6 yen Tuesday. But by the end of the week the dollar closed at 104.85 yen, and analysts predicted more weakness in the run-up to the end of the fiscal year on March 29 as Japanese companies repatriate profits to bolster their annual reports.

"The pressures pushing the yen up are going to grow, at least in the short term," said Brendan Brown, an analyst at Mitsubishi International in London.

"There's the approach of the year-end, what seems like a stronger domestic economy, the unwinding of the hedge funds, and the likelihood that Japanese investors will play safe and stay home until the start of the new year." He expected the dollar would be pushed back, possibly to 100 yen, before it resumes its advance in April.

Paul Chertkow at Union Bank of Switzerland interpreted the intervention as a signal to Japanese institutional investors that the central bank will not tolerate a renewed appreciation of the yen and therefore exchange-rate concerns need not hinder the outflow of investment funds from Japan.

Meanwhile, the sell-off in the U.S. bond market was across the board, with yields from 1-year to 30-year maturities pushed up about a quarter of a percentage point over the week.

Statements from Alan Greenspan, the chairman of the Federal Reserve Board, and a string of economic data failed to clarify whether the Fed was likely to stand pat, lower or increase interest rates.

John Llewellyn at Lehman Brothers in London said he expected the Fed to cut interest rates further, while Jan Loeys at J.P. Morgan warned that the risk for bond markets was that U.S. growth would be higher than expected, making any further cuts unnecessary.

In addition, Mr. Loeys warned that European bond markets more than ever were tied to U.S. market developments.

"Thanks to the widely held view that the United States is ahead of Europe in the business cycle and therefore is a leading indicator, what happens in the U.S. market will be happening in Europe," Mr. Loeys said.

The volatility of bond prices and the renewed instability of the dollar are keeping international investors at home and on the sidelines, and the calendar for new issues remains relatively light.

Having missed the booms in the dollar and Deutsche mark markets, Italy, which has long been rumored to be planning to tap one or the other sectors, has mandated Daiwa Securities to raise 200 billion yen.

In the dollar market, the Inter-American Development Bank is expected to launch a global 10-year issue for $1 billion and Walt Disney Co., seeking to refinance some of its $19 billion cost to purchase Capital Cities/ABC Inc., is expected to raise $2 billion through global issues with maturities of 5 and 10 years.

Data Are Likely to Prove Greenspan Right

Compiled by Our Staff From Dispatches

NEW YORK — An upbeat assessment of the economy by Alan Greenspan last week and expectations for a host of economic indicators due this week to prove him right should keep U.S. Treasury bond prices under pressure.

The Federal Reserve Board chairman's testimony to Congress put the bond market into its worst tailspin since September 1994, helping send the yield on the 30-year issue up to 6.41 percent from 6.24 percent a week ago.

That yield will probably climb further this week because reports on inflation, retail sales and manufacturing are likely to show that while the economy is still sluggish, there are signs of improvement.

Signs of economic strength could deter the central bank from lowering interest rates again. The Fed last lowered its rate on overnight bank loans in January, when it moved the federal funds to 5.25 percent from 5.5 percent.

Mr. Greenspan's comments were "a reality check more than anything," said Kirk Mentzer at Star Bank NA in Cincinnati.

Bond investors and traders said they would be skeptical about buying more

U.S. CREDIT MARKETS

Treasuries until they saw more evidence that the economy was plodding along so slowly that inflation would not threaten their bonds' fixed-income payments.

"People feel that the burden of proof is on the economy to show that it's weak," said Mark Sauvigne, a trader at Chemical Securities Inc.

A longer-term worry for bond investors is the continued budget standoff in Washington. Republican legislators' strategy of talking tough has backfired and it appears a budget deal will not be struck before the November presidential election, said Ted Reed, chief investment officer at Back Bay Advisers.

Although only the early returns are in from the Republican primaries, "if the job theme and the economic security theme continue to dominate, the idea of a balanced budget at the expense of jobs growth is gone," Mr. Reed said.

The protectionist rhetoric being spouted by some presidential candidates also may be discouraging foreign investors, said Jerry Thumelius, a portfolio manager at Dreyfus Securities.

He said the approach of the end of Japan's fiscal year also could be keeping Japanese investors out of the market.

But as for the budget deadlock, Mr. Thumelius said President Bill Clinton and Republican leaders still could surprise the market by hammering out a deal before the election.

If that happened, the yield curve would flatten immediately as the bond got the initial benefit of a budget deal, he said. *(Bloomberg, Knight-Ridder)*

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Advance Bank Australia	$150	2006	¼	99.78	—	Interest will be ¼ over 3-month Libor until 2001, when issue is callable at par, thereafter 1¼ over. Fees not disclosed. Denominations $10,000. (CS First Boston.)
Citicorp	$200	2002	0.15	99.859	—	Over 3-month Libor. Callable at par in 1998. Fees 0.20%. Denominations $10,000. (Citibank.)
Fokus Bank	$150	1999	0.10	99.905	—	Over 3-month Libor. Noncallable. Fees 0.125%. Denominations $10,000. (Chemical Investment Bank.)
IBJ Australia Bank	$151	1997	0.055	100.085	—	Over 3-month Libor. Noncallable. Fees 0.10%. Denominations $1 million. (IBJ Int'l.)
MBNA Master Credit Card Trust 2	$609	2003	0.21	100.00	—	Over 1-month Libor. Noncallable. Fees 0.35%. (Goldman Sachs Int'l.)
MLCC Mortgage Investors	$345.8	2021	0.43	100.00	—	Over 1-month Libor. Average life 5.23 years. Fees 0.25%. Denominations $25,000. (Merrill Lynch Int'l.)
Spintab	$200	1998	libor	99.925	—	Interest will be the 3-month Libor. Noncallable. Fungible with outstanding issue, raising total amount to $300 million. Fees 0.05%. Denominations $10,000. (PaineWebber Int'l.)
Sanwa Finance Aruba	Y23,000	perpt	0.80	100.00	—	Interest will be 0.80 over 6-month Libor until 2001, when issue is callable at par, 1.40 over until 2003, thereafter 1.90 over. Also 5 billion yen, paying some spreads over 3-month Libor. Fees 0.30%. Denominations 100 million yen. (Sanwa Int'l.)
Fixed-Coupons						
Banco do Brasil	$200	1999	9¼	99.87	—	Semiannually. Noncallable. Fees not disclosed. (BB Securities.)
Tokyo	$450	2006	6⅛	99.235	98.40	Noncallable. Fees 0.325%. (Goldman Sachs Int'l.)
Toyota Motor Credit Corp.	$200	1999	5	100.507	99.25	Reoffered at 99.32. Noncallable. Fees 1⅛%. (UBS.)
Banco Nacional de Desenvolvimento Economico e Social	DM500	2001	9	100.85	—	Reoffered at 99.35. Noncallable. Fees 2⅛%. (Commerzbank.)
BNG	DM100	1999	4½	100.975	98.80	Noncallable. Fungible with outstanding issue, raising total amount to 400 million marks. Fees 2.15%. (ABN—AMRO Hoare Govett.)
Denmark	DM300	1999	5	101 5/16	100.45	Reoffered at par. Noncallable. Fees 1½%. (Daiwa Securities.)
Rabobank Nederland	DM250	1999	4½	100.992	100.08	Reoffered at 99.68. Noncallable. Fees 1½%. (SBC Warburg.)
East Midlands Electricity	£100	2006	8⅜	99.626	—	Reoffered at 97.976. Noncallable. Fees 2%. (HSBC Capital Markets.)
Baden-Wuerttemberg L-Finance	FF1,000	2006	6½	100.224	98.50	Reoffered at 98.674. Noncallable. Fungible with outstanding issue, raising total amount to 2.5 billion francs. Fees 1⅞%. (Banque Paribas Capital Markets.)
Dresdner Bank	FF2,000	2007	6¾	101.62	99.76	Reoffered at 99.97. Noncallable. Fees 2%. (Banque Nationale de Paris.)
DSL Finance	FF1,500	2006	6¾	101.011	100.25	Reoffered at 99.336. Noncallable. Fees 2%. (Caisse des Dépôts et Consignations.)
European Investment Bank	FF750	2006	6½	100.152	—	Interest will be 6½% until 2001, when issue is callable at par, thereafter 7.15%. Reoffered at 99.85. Fees 2%. Denominations 100,000 francs. (Banque Paribas Capital Markets.)
Landesbank Hessen-Thueringen	FF1,500	2006	6½	98.788	99.40	Noncallable. Fees 0.325%. (Crédit Agricole.)
European Bank for Reconstruction & Development	Aus$150	1998	6.60	100.00	—	Noncallable. Fees 0.50%. (DKB Int'l.)
LW Rentenbank	Y10,000	2026	—	100.70	—	Interest will either be 5.755%, payable in marks, or 6.15%, payable in Australian dollars, or 7.05%, payable in dollars. Noncallable. Fees 0.70%. Denominations 100 million yen. (Nomura Int'l.)
Merrill Lynch & Co.	Y10,000	2006	3.60	100½	—	Noncallable. Also 2 billion yen, due 2003 and paying 3⅛%. Fees 0.50%. (Merrill Lynch Int'l.)
Obayashi Finance Intl	Y10,000	2003	3	100.30	—	Semiannually. Noncallable. Fees 0.30%. Denominations 100 million yen. (Sanwa Int'l.)
Sweden	Y35,000	2008	3.30	100.35	—	Noncallable. Fees 0.35%. Denominations 100 million yen. (Nomura Int'l.)
Swedish Export Credit	Y50,000	1997	5	100.00	—	Semiannually. Redemption at maturity will be in Australian dollars. Noncallable. Fees 1⅛%. (Nikko Securities.)
Equity-Linked						
Credit Saison Co.	$200	2000	2¼	100.00	—	Noncallable. Each $10,000 note with two warrants, exercisable into company's shares at 2,409 yen per share and at 105.65 yen per dollar. Fees 2¼%. (Nomura Int'l.)

Last Week's Markets

Stock Indexes

	Feb. 23	Feb. 16	% Ch'ge
United States			
DJ Indus.	5,630.49	5,503.32	+2.31
DJ Util.	225.89	229.74	−1.68
DJ Trans.	2,104.03	2,034.83	+3.40
S & P 100	634.69	620.50	+2.29
S & P 500	659.08	647.98	+1.71
S & P Ind	776.12	761.34	+1.94
NYSE Cp	350.94	346.19	+1.37
Japan			
Nikkei 225	20,300.38	20,802.77	−2.42
Britain			
FTSE 100	3740.87	3,770.90	−0.81
Canada			
TSE Indus.	4952.51	5,044.60	−1.83
France			
CAC 40	1974.79	1,952.50	+1.14
Germany			
DAX	2451.78	2,429.02	+0.94
Hong Kong			
Hang Seng	11,390.40	11,595.00	−1.76
World			
MSCIP	759.53	758.09	+0.19

World index from Morgan Stanley Capital Int'l Perspective.

Money Rates

	Feb. 23	Feb. 16
United States		
Discount rate	5.00	5.00
Prime rate	8¼	8¼
Federal funds rate	5.00	5½
Japan		
Discount	0.50	0.50
Call money	0.40	0.37
3-month interbank	0.50	0.61
Britain		
Bank base rate	6¼	6¼
Call money	6⅛	6¼
3-month interbank	6⅛	6 3/16
France		
Intervention rate	3.90	3.90
Call money	4⅛	4⅛
3-month interbank	4 5/16	4 5/16
Germany		
Lombard	5.00	5.00
Call money	3.35	3.43
3-month interbank	3.45	3.34

Gold	Feb. 23	Feb. 16	% Ch'ge
London p.m. fix $	398.25	404.85	−1.63

Euromarts

Eurobond Yields

	Feb. 23	Feb. 16	Yr high	Yr low
U.S. $, long term	6.22	6.20	6.37	6.17
U.S. $, mdm term	5.68	5.63	5.87	5.61
U.S. $, short term	5.24	5.21	5.53	5.19
Pounds sterling	7.23	7.06	7.39	6.99
French francs	6.12	6.08	6.38	6.08
Italian lire	9.86	9.60	10.45	9.42
Danish kroner	6.42	6.41	6.42	5.95
Swedish kronor	7.92	7.91	8.55	7.80
ECUs, long term	7.21	7.08	7.24	8.48
ECUs, mdm term	6.31	6.23	6.31	5.89
Can. $	6.78	6.56	7.08	6.56
Aus. $	8.24	8.01	8.26	7.99
N.Z. $	7.83	7.85	7.85	7.04
Yen	2.72	2.70	2.74	2.28

Source: Luxembourg stock exchange.

Weekly Sales

Feb. 22

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	123.1	779.9	1,637.3	1,078.4
Convert.	—	1.3	30.1	260.4
FRNs	343.2	280.4	724.5	19.0
ECP	10,095.8	7,583.9	7,347.6	11,017.7
Total	10,562.1	8,645.5	9,739.5	12,375.5

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	12,391.2	16,754.0	46,571.2	32,727.2
Convert.	531.0	1,142.1	2,186.2	1,234.1
FRNs	9,665.4	3,134.4	35,162.3	4,860.2
ECP	9,215.0	16,980.1	14,163.1	28,919.0
Total	31,802.6	38,010.6	98,082.8	67,740.5

Source: Euroclear, Cedel Bank.

Libor Rates

Feb. 23

	1-month	3-month	6-month
U.S. $	5¼	5 3/16	5⅛
Deutsche mark	3¼	3⅜	3⅜
Pound sterling	6⅛	6 3/16	6 3/16
French franc	4⅛	4⅜	4 7/16
ECU	4⅝	4⅝	4⅝
Yen	½	⅝	¾

Sources: Lloyds Bank, Reuters.

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Herald Tribune INTERNATIONAL
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MONDAY, FEBRUARY 26, 1996

PAGE 19

CYBERSCAPE

Internet Expands Into Phone Service

By Paul Floren
International Herald Tribune

PARIS — In the past few months, a gigantic telephone service has emerged, and it already has 30 million subscribers. This new giant is the Internet, and it is providing virtually free long-distance phone calls to anywhere in the world.

Anyone owning a Pentium-chip computer with a sound card and a high-performance 28.8 kilobit-per-second modem can purchase a program that uses the audio capacities of the machine to turn it into a speaker phone. Several such programs are on the market, and both parties must use the same software.

Phone companies are not worried about an exodus of customers.

Once one of these communications programs is installed, it runs in the background, popping up when acall arrives.

Future applications for this technology go hand in hand with on-line networking. Two users could be working on the same document, discussing it and editing it while they are in different cities or time zones. Each user sees the changes immediately. This technology could be used for negotiating contracts to editing research papers.

At least four companies have developed the software and the techniques needed to bring this technology into the market: Camelot Corp., in Dallas, makes DigiPhone; Vocal Tech Inc. in Northvale, New Jersey, makes Internet Phone; Internet Telephone Co. in Miami makes WebPhone; and Quarterdeck Corp., in Marina del Rey, California, makes WebTalk. The software is priced between $50 and $100.

For the system to work like a telephone, the computer must always be on and be connected to the Internet. For large companies this poses little problem, but many individuals must set up an appointment with the people they want to talk to, making sure all parties involved are logged on.

There are drawbacks. A 28.8-kilobit modem and a high-quality sound card will allow a conversation with quality close to that of a normal telephone, but a 14.4-kilobit modem would give inferior results. Even with the faster modem, the Internet is becoming saturated with users and does not have the capacity to support mass voice communications.

In the spring, Camelot plans to bundle its software with Netscape Navigator 2.0 and provide users with Internet access

See PHONES, Page 20

Morgan Stanley Goes Native

U.S. House Adapts to Stay Ahead in Europe

By Erik Ipsen
International Herald Tribune

LONDON — The odd thing about the chief executive of one of the most successful investment houses in Europe is that when he talks about American companies — including his own — he balks at the use of the word "we."

But 13 years after he started work at Morgan Stanley & Co. and one month after he was named as the first non-American chief executive officer of its European operation, Englishman Steven Ward's mixed allegiances mirror those of the firm itself. On one side, it seeks acceptance as an experienced European financial hand, and on the other it still insists that nobody knows high finance like the Americans.

With its 2,200 European-based employees (1,950 of them in London), its standing at or near the top of rankings of everything from merger advising to debt trading, Morgan Stanley has sailed into a comfortable maturity in Europe. With only a quarter of the company's worldwide employees, Morgan Stanley in Europe regularly chips in roughly a third of the its pretax earnings, which totaled $600 million last year.

Yet its period of explosive growth in Europe, which saw its staff multiply by a factor of 15 in as many years, is now clearly at an end as it and its fellow investment houses face a landscape suddenly thick with new rivals.

Lured from their traditional, increasingly low-margin, low-growth business of money lending, some of Europe's largest commercial banks have piled into lucrative businesses such as securities underwriting and mergers and acquisitions. The five largest, led by Deutsche Bank AG, Barclays Bank PLC and Swiss Bank Corp., have funneled a total of nearly $17 billion into their fledgling investment-banking operations.

The impact has been predictable. "It drives up the price of people and drives down the margins in the business," said Philip Howard, managing director at Lehman Brothers Inc.

From Morgan Stanley's European headquarters in London's sleek, modern Canary Wharf development, executives profess undimmed confidence. Mario Francescotti, the head of the company's fixed-income division, noted that over the past 15 years Morgan Stanley's place in the top tier of European investment houses has come under attack from a series of rivals.

But the seemingly unstoppable climb up the European rankings of everyone from the big Japanese houses of Nomura Securities Co. and Daiwa Securities Co. to those of CS First Boston and Salomon Brothers Inc. have all stalled. By most accounts, Morgan Stanley and Goldman, Sachs & Co. are the only two houses to have endured undiminished.

But what the current crop of combatants have that many of their predecessors lacked is contacts. Deutsche Bank enjoys access to the boardrooms of German companies large and small that no foreign firm can match — ditto for National Westminster Bank PLC in Britain and Société Générale in France.

Morgan Stanley's response is, in part, a new

See MORGAN, Page 21

Silicon Graphics Expected to Buy Cray Research

By John Markoff
New York Times Service

SAN FRANCISCO — Silicon Graphics Inc. plans to make a "major strategic announcement" in New York on Monday after weekend meetings with analysts.

The company would not comment on the nature of the announcement, but people familiar with the Silicon Valley computer maker said it was planning to buy the supercomputer maker Cray Research Corp. Executives of Silicon Graphics and Cray said they would not comment on the developments.

Trading in Silicon Graphics' stock was halted on the Pacific Stock Exchange on Friday, but the shares were down 25 cents at $27.50 before the suspension. On the New York Stock Exchange, Cray Research ended unchanged at $25.25.

Based on Cray's closing price Friday, the company is valued at about $644.4 million. Cray posted a loss of $226.4 million in 1995, as revenue fell 27 percent, to $676.2 million.

"I can see some strategic sense to acquiring Cray, but the integration issues would be horrible," Douglas Van Dorsten, a computer industry analyst at Hambrecht & Quist, an investment firm, said.

Silicon Graphics and Cray Research did have discussions about the possibility of a merger in 1991, when Cray was being run by John Rollwagen. But the talks broke off because Silicon Graphics' technical executives believed the design of the Cray supercomputers was rapidly becoming obsolete, according to a person familiar with the discussions.

Cray Research, which is now headed by Phil Sampeer, a former Sun Microsystems Inc. executive, has been struggling recently as the market for supercomputers has been eroded by declining government sales and competition from companies like Silicon Graphics.

[Cray Research specializes in making machines that can calculate massive problems, like those for atmospheric research or nuclear bomb design, Bloomberg Business News reported. Silicon Graphics makes several types of powerful computers, favored by scientists, engineers and Hollywood special-effects artists. Its products can create and manipulate complex images such as weather maps and machinery blueprints.]

Silicon Graphics has lagged the market recently as the popularity of the Internet has exploded and companies like Sun Microsystems have raced ahead.

■ Compaq and Packard Settle

Compaq Computer Corp. and Packard Bell Electronics Inc. have agreed to drop lawsuits accusing each other of selling some used computer equipment as new, Bloomberg Business News reported from Wilmington, Delaware.

A secretary for Judge Roderick McKelvie of the U.S. District Court said the companies had settled the dispute. A trial had been scheduled to start Monday. No money is being exchanged in the settlement, both sides said.

"Before Compaq filed this suit, the public was unaware of Packard Bell's practices," said William Coston, an attorney for Compaq. "We have chosen to settle this litigation because we fully expect in the near future that Packard Bell will be required to disclose prior to sale that its products contain used parts."

Marshall Grossman, an attorney for Packard Bell, said, "Compaq saw the light of day and concluded it was improvident to continue with this lawsuit."

Compaq accused Packard Bell in April of re-using components from returned computers. Compaq wanted a court order barring Packard Bell from calling its merchandise new.

Packard Bell countersued in October, charging Compaq with defamation and saying Compaq ought to be required to run "corrective advertising" describing how Compaq handled returned merchandise.

Kohl Stands Firm On EMU Goal

Reuters

BONN — Chancellor Helmut Kohl of Germany is refusing to choose between making the European Union's single currency rock solid and still starting it on time in 1999. He wants both.

"Stability has always been the absolute priority for me," he told German television in an interview released before broadcast on Sunday night. "But you cannot interpret that to mean I am for postponing the timetable, absolutely not."

Economists and analysts are increasingly skeptical that many EU members will be able to meet the tough criteria for such areas as budget deficits, debt and inflation that will determine which countries launch the Euro currency in 1999.

Even Germany, which has exhorted other EU members to get their financial houses in order by the 1997 deadline to qualify, has acknowledged its public deficit will surpass the ceiling of 3 percent of gross domestic product in 1996.

The Bild am Sonntag weekly reported that Germany would overshoot the target again next year with a shortfall just above 4 percent of GDP.

It cited a Finance Ministry report to Parliament's finance committee that falling tax revenue stemming from Germany's economic slowdown and its 50-point plan to cut unemployment would push the public deficit to 150 billion Deutsche marks ($101 billion).

Finance Minister Theo Waigel dismissed the report, released before publication on Sunday, as "pure speculation."

Mr. Waigel said that Bonn was sticking to the 1999 start date for the final stage of economic and monetary union.

But Focus magazine said Finance Ministry officials were preparing for the event that only Luxembourg would qualify for the single currency on time.

China to Revise Trade Law To Bolster Domestic Firms

Reuters

BEIJING — China is revising draft laws on dumping and subsidies to protect the interests of domestic manufacturers, the China Daily Business Weekly said Sunday.

The amended drafts are expected to be submitted to the State Council, or cabinet, for approval by the end of the first quarter of 1996, Zhang Yuqing, deputy director-general of the treaty and law department of the Ministry of Foreign Trade and Economic Cooperation, told the newspaper.

No details were given about the drafts, but the drafts are considered to be "a weapon to protect domestic manufacturers' legal interests after suffering increasing anti-dumping measures," the paper said.

More than 200 anti-dumping cases have been brought against Chinese exports to date. Such charges have increased in recent years, it said.

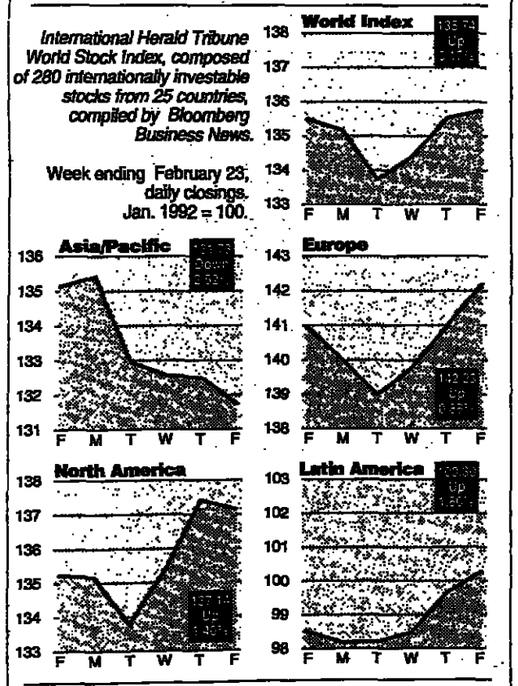
Meanwhile, a Chinese trade official has demanded that foreign countries stop discriminating against China.

Liu Yiuhou, deputy director-general of the Ministry of Foreign Trade and Economic Cooperation's European affairs department, said some European countries had imposed limits on imports from China and that Beijing was closely watching rising trade protectionism.

THE TRIB INDEX

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News.

Week ending February 23; daily closings. Jan. 1992 = 100.



Industrial Sectors/Weekend close

	2/23/96 close	2/16/96 close	% change		2/23/96 close	2/16/96 close	% change
Energy	137.17	137.84	−0.49	Capital Goods	147.02	142.83	+2.93
Utilities	131.52	130.69	+0.64	Raw Materials	150.89	149.15	+1.17
Finance	124.52	126.58	−1.63	Consumer Goods	142.53	142.09	+0.31
Services	125.84	125.54	+0.24	Miscellaneous	142.40	141.63	+0.54

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

© International Herald Tribune

CURRENCY RATES

Feb. 23

Cross Rates

	$	£	DM	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	Cs	Peseta
Amsterdam	1.6265	2.504	1.7199	0.3242	0.164ᵉ	—	5.444ᵉ	1.2089	1.5596ᵉ	1.168	1.3295ᵉ
Brussels	29.8325	46.12	31.575	5.9985	1.9764ᵉ	18.375	—	25.40	0.2853ᵉ	21.82	24.47ᵉ
Frankfurt	1.4572	2.2414	—	0.2912	0.928ᵉ	0.893	4.8812ᵉ	1.2286	1.3957ᵉ	1.86	1.1676ᵉ
London (b)	1.54	—	2.2203	7.668	2.3979.77	2.4987	45.991	1.1987	161.39	2.1789	187.985
Madrid	122.636	188.697	94.284	24.513	7.815ᵉ	75.194	4.0933	102.701	116.596ᵉ	85.9466	—
Milan	1,569.20	2,417.30	1,077.55	314.08	—	961.73	52.481	1,323.18	14.969	1,143.40	12.822
New York (b)	—	1.5403	1.44346	4.9485	1,598.66	1.6393	29.78	1.7743	104.85	1.376	122.96
Paris	5.0025	7.698	3.4351	—	0.3307ᵉ	3.0605	9.167	4.2285	4.2546ᵉ	3.6529	4.0795ᵉ
Tokyo	185.80	142.19	72.52	23.11	0.971	69.75	2.5259	86.69	—	76.38	0.8984
Toronto	1.3267	2.1226	0.9514	0.3266	0.8882ᵉ	0.8485	0.402ᵉ	1.1771	1.3129ᵉ	—	1.229ᵉ
Zurich	1.1785	1.8148	0.8119	0.2263	0.6757ᵉ	0.7245	3.9403ᵉ	—	1.127ᵉ	0.8562	0.964ᵉ
1 ECU	1.2961	0.9422	1.1824	0.4835	2.6042ᵉ	2.1726	39.3263	1.5226	136.305	1.1747	158.934
1 SDR	1.4707	0.9559	2.1403	7.2572	2,388.36	2.2594	44.8558	1.7435	154.284	1.3252	180.332

Closings in Amsterdam, London, Milan, New York, Paris and Zurich. Rates in other centers: Toronto rates at 3 p.m.
a: To buy one pound; b: To buy one dollar; ᵉUnits of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9996	Greek drac.	240.15	Mex. peso	7.5245	S. Afr. rand	3.92
Australian $	1.3236	Hong Kong $	7.7378	N. Zealand $	1.4754	S. Kor. won	779.70
Austrian sch.	10.233	Hung. forint	144.10	Norw. krone	6.3845	Swed. krona	6.745
Brazil real	0.978	Indian rupee	34.49	Phil. peso	24.13	Taiwan $	27.48
Chinese yuan	8.3928	Indo. rupiah	2292.	Polish zloty	2.56	Thai baht	25.23
Czech koruna	26.95	Irish £	0.6314	Port. escudo	151.73	Turkish lira	64405.5
Danish krone	5.629	Israeli shek.	3.1412	Russ ruble	4782.	UAE dirham	3.671
Egypt. pound	3.394	Kuw dinar	0.2872	Saudi riyal	3.75	Venez. bolfv.	444.00
Fin. markka	4.5154	Malay. ring.	2.5525	Sing. $	1.399		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5372	1.5360	1.5351	Japanese yen	105.08	105.08	105.08
Canadian dollar	1.3768	1.3768	1.3768	Swiss franc	1.1773	1.1734	1.1702
Deutsche mark	1.4539	1.4516	1.4492				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Comerciale Italiana (Milan); Agence France-Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Chicago Notebook

Playboy Under Pressure but Hefners Thrive

Special to the Herald Tribune

The stock performance of publicly traded Playboy Enterprises Inc. has lagged that of similar media stocks since the beginning of the decade. But the company's performance has not hurt the Hefner family.

For the five financial years ended June 30, the company said the per-share value of Playboy stock has increased 29 percent. Over the same period, the value of an index of media stocks rose 81 percent. The broad-based Russell 2000 Stock Index increased 83 percent in the same period.

The company's earnings, too, have been less than stellar. Playboy reported a financial 1995 net profit, excluding one-time gains and charges, of $629,000, compared with a $12.4 million loss in 1994. According to the company's proxy statement, filed with the Securities and Exchange Commission, this performance has not stopped Hugh Hefner and his family from reaping hefty rewards.

Mr. Hefner, chairman emeritus and editor-in-chief of Playboy magazine, drew a salary and bonus in 1995 of $498,000, a 35 percent increase over 1993.

Meanwhile, Playboy spent nearly $3.9 million last year on operating costs for the 29-room mansion in Los Angeles, which the company says is used extensively for business purposes.

Kimberly Hefner, Mr. Hefner's wife, collected $75,000 in Playboy modeling fees last year.

Christie Hefner, chairman and Mr. Hefner's daughter, earned $714,322 in 1995 in salary and bonus, up 73 percent from 1993.

A Midwestern Cultural Swap

First Chicago NBD Corp. may have chosen Detroit for its money management group, but that doesn't mean the Motor City will be getting an influx of portfolio managers.

More than a dozen stock and bond fund managers in First Chicago Corp.'s former investment management department — almost the entire group — have declined job offers in the newly merged company that would have required them to move to Detroit, Tom Kelly, a bank spokesman said. Only four managers have agreed to move to Michigan.

The required job transfers are intended to mix the cultures of the two financial institutions, First Chicago Corp. and NBD Bancorp of Detroit, which merged in July 1995.

Mr. Kelly said that it was still too early to tell whether Chicago happens to be just a more desirable location than Detroit. "We've got people moving in both directions," he said. "Whether they decide to move depends on each individual's personal circumstances," he said.

Meanwhile, Verne Istock, president and chief executive officer of First Chicago NBD, has relocated to Chicago.

Dressing Up Profits, Casually

Casual dress is one trend that won't fly at Sara Lee Corp.

Some companies allow employees to forgo the business suits one day a week for more casual attire.

As a result, casual dress days have hurt traditional hosiery sales — a market valued at $2.6 billion a year in the United States.

The company manufactures hosiery under the L'eggs, Hanes, Donna Karan and DNK Coverings names domestically and more than a dozen other brands of hosiery worldwide.

The Chicago-based food and apparel maker has introduced new products such as tights and socks in response to the casual dress days, said spokesman Jeffrey Smith.

But what else is the company doing to deal with the trend?

"We certainly don't dress down in our office on Friday," John H. Bryan, the chairman, said at the annual meeting.

Janice Kalmar

Russia Poultry Ban Ruffles U.S. Feathers

By Michael R. Gordon
New York Times Service

MOSCOW — A nasty little skirmish between Russia and the United States is brewing over a threatened trade barrier. This fight is not about manufactured consumer goods or high technology, but about American chicken, which has flooded the Russian market.

To the frustration and considerable anxiety of U.S. companies, the Russian government has threatened to ban further U.S. poultry sales beginning on March 19.

The threat, which U.S. poultry producers say amounts to protectionism, comes soon after Russia agreed with the International Monetary Fund on a $10.2 billion loan to further the country's efforts to develop a free-market economy. The loan was made with the strong support of the White House.

But the White House has voiced its opposition to the Russian poultry threat. "We take this issue very seriously," said David P. Johnson, a White House spokesman, adding that the issue would be raised with Russian officials.

Among the biggest losers in a Russian import ban would be Tyson Foods Inc. of Springdale, Arkansas, which has been a longtime supporter of President Bill Clinton.

U.S. producers exported more than $500 million in frozen poultry to Russia last year, and Tyson accounted for roughly a third of that. But a spokesman for Tyson, which has annual sales of $5.5 billion, said that its sales in Russia were "relatively insignificant."

The ostensible reason for the Russian government's ban is health. The Veterinary Department of the Russian Agriculture and Food Ministry said the ban was needed to protect consumers against infected poultry until the United States improved its standards.

But the real agenda, U.S. producers contend, is old-fashioned protectionism.

Agitated Russian producers, whose birds, Russian consumers say, are no match for the American competition in terms of quality and price, have repeatedly complained that the United States is trying to destroy the Russian poultry industry and capture the market. U.S. companies fear that Russian producers are striking back.

"We are treating it as a trade issue, rather than as an inspection or food safety issue," said Toby Moore, a spokesman for the U.S. Poultry and Egg Export Council, an industry trade association in Atlanta. "We firmly believe that there is a political motivation behind it. It's getting kind of weird."

■ Kenya Vows to Crack Down on Sugar Importers

Kenya overturned a ban on sugar imports Sunday and instead ordered a crackdown on corrupt importers of the commodity, Agence France-Presse reported from Nairobi.

Kenya's Agriculture Ministry banned sugar imports on Friday and ordered the re-export of sugar in warehouses around the country. But President Daniel arap Moi overturned the ban Sunday, saying it was inappropriate. He said the government would step up efforts to apprehend unscrupulous business people who colluded with customs officials to bring sugar into the country without paying duty.

Kenya's sugar market is glutted with sugar imported duty free, giving locally produced sugar unfair competition.

BusinessWeek

This week's topics:

- Rethinking China
- A Banking Shakeout Looms In France
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PHONES: *Internet Provides New Outlet for Voice Communication*

Continued from Page 19

through an agreement signed with Uunet Technologies Inc. This will create an Internet service provider that offers Internet access and phone service.

In part because of the quality problems, telephone companies said they were not worried about an exodus of customers.

Paul Sharma, a spokesman for British Telecommunications PLC, said, "The major problem with using the Internet for voice traffic is that the Internet is reaching its capacity. Basically, we don't see it as a short-term problem as concerns competition, but we are watching it closely and believe that in the next five years as Internet capacity and services improve, it may become one."

Jim Collins, an MCI Telecommunications Corp. spokesman, said, "The technology surrounding voice traffic over the Internet is still in its infancy and has such limitations that at present MCI does not perceive a threat."

Glenn Hutton, marketing director for Internet Telephone Co., said the industry was complementary to current phone communications. "I think that a dramatic change is on the horizon. The phone and the computer will be more closely defined; a lot of this means the ability of sharing visual information complementary to audio."

Rick Korfin, director of mergers and acquisitions at Quarterdeck, said, "The telephone companies are the backbone of the industry and they can only benefit from this. The telephone companies provide the pipelines for the Internet. As traffic increases, the pipelines need to get bigger and the phone companies will still get their share."

Internet address: CyberScape@iht-lib.demon.co.uk

Swiss Financier Buys UBS Stake

Reuters

ZURICH — Stephan Schmidheiny, a Swiss industrialist, has bought 923,200 registered shares in Union Bank of Switzerland, making him one of the bank's biggest shareholders.

Based on the Friday closing price of 276 Swiss francs per registered share, the package is worth 254 million Swiss francs ($215.3 million).

Gertrud Erismann, a UBS spokeswoman, said Saturday that Mr. Schmidheiny, who is on the UBS board of directors until April, probably bought the shares from the BZ Group, controlled by the bank's fiercest critic, banker Martin Ebner, and owned by BK Vision.

Mr. Ebner has accused the bank in the past of poor management and says it does not pay sufficient attention to enhancing shareholder value.

"Schmidheiny has said we may confirm he bought the shares," Ms. Erismann said. "I don't know who he bought them from. It was not from us. It was probably from BZ Group because there are not so many shareholders who have so many shares."

Ms. Erismann confirmed a report in the Neue Zürcher Zeitung that the transaction, representing 4.1 percent of the total registered share capital, took place on Feb. 6.

She said Mr. Schmidheiny had applied to have the shares registered in the bank's books.

Mr. Schmidheiny, one of Switzerland's richest men, has a diversified portfolio of investments that include 5 percent of BBC Brown Boveri AG, 12 percent of BB Industrie, 50 percent of a Hong Kong-based trading company and stakes in Latin American companies.

Unotec Holding, the private company through which he controls many of his investments, sold its 35 percent in the Swiss electronics group Landis & Gyr AG to Elektrowatt AG late last year for 630 million Swiss francs.

Neue Zürcher Zeitung said Mr. Schmidheiny bought his UBS stake directly from BZ Group, UBS's biggest shareholder, because the purchase of so many shares on the open market would have caused the share price to soar, which did not happen. But BZ group would not comment on the report.

The Week Ahead: World Economic Calendar, Feb. 26 - March 1

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Bangkok:** Jacques Santer, president of the European Commission, leads a delegation to a summit meeting with 10 Asian nations. **Manila:** Philippine Retailers Association holds fifth national conference and exhibition at Philippine International Convention Center.	**Amsterdam:** Fokker NV, the aircraft maker under court protection from creditors, expects bids from others in the industry that could help it ensure its future. **Bern:** Federal Customs Office merchandise trade figures for January.	**Bogotá:** Colombia begins selling $288 million of 7-year bonds in the Japanese market. **Detroit:** Society of Automotive Engineers annual convention featuring displays and presentations by automakers, auto suppliers and others. At Cobo Center.
Monday Feb. 26	**Singapore:** Fourth-quarter economic data. **Tokyo:** Japan Automobile Manufacturers Association releases vehicle production for January. **Wellington:** Fourth-quarter producer prices.	**Copenhagen:** Danish wholesale prices for January. **Paris:** French consumer price inflation for January, expected to be up 0.2 percent from December and 1.8 percent from a year ago; January household consumption.	**Caracas:** Venezuelan Electricity Chamber holds its assembly. **Washington:** National Association of Business Economists holds its quarterly conference on the 1996 and 1997 business and economic outlooks.
Tuesday Feb. 27	**Taipei:** Leading economic indicators for January. **Tokyo:** Ministry of International Trade and Industry releases January retail sales. **Wellington:** January foreign trade figures; six-month budget surplus.	**Brussels:** Belgian consumer price figures for February. **Paris:** French February industrial survey; January housing starts. **Zurich:** Swiss Stock Exchange board decides what to do about its troubled electronic trading system.	**Mexico City:** Mexico's central bank releases the foreign-reserve levels. **New York:** Johnson Redbook releases its weekly survey of chain-store sales. **Washington:** Retail sales for January; January producer prices.
Wednesday Feb. 28	**Singapore:** Finance Ministry unveils budget proposal for April 1996 — March 1997 financial year. **Sydney:** Balance of payments for December. **Tokyo:** January industrial production, vehicle exports.	**London:** Government deficit and debt figures for 1994-95. **Paris:** French fourth-quarter gross domestic product, expected to fall 0.5 percent from the third quarter and to rise 0.5 percent from the fourth quarter of 1995.	**Mexico City:** Mexico announces the average interbank interest rate. **Washington:** December trade deficit in goods and services; December business inventories and sales; January consumer prices; January real earnings.
Thursday Feb. 29	**Sydney:** January balance of payments. **Taipei:** October data on indirect trade between Taiwan and China. **Tokyo:** Construction Ministry releases January housing starts and construction spending data.	**Bern:** Swiss consumer price figures for February **London:** Visible trade balance for December and EU trade balance for January. **Paris:** January unemployment statistics; fourth-quarter new home sales.	**Mexico City:** Manufacturing industry figures for October. **Santiago:** Deadline for Chilean companies to release 1995 earnings. **Washington:** Initial weekly state unemployment compensation insurance claims; weekly money supply.
Friday March 1	**Tokyo:** Tokyo area consumer price index for February and nationwide CPI for January; unemployment and job-to-applicant ratio for January; Bank of Japan releases quarterly survey of business sentiment. **Wellington:** January tourism data.	**Copenhagen:** Danish February Purchasing Managers' index. **Rome:** Istituto per la Ricostruzione Industriale, which controls Alitalia, will meet with the airline's management in an attempt to resolve its dispute with employees.	**Bogotá:** Colombia producer price index for February. **Caracas:** February inflation and international reserve figures. **Tempe, Arizona:** The National Association of Purchasing Management releases its February index.

CURRENCY AND CAPITAL MARKET SERVICES

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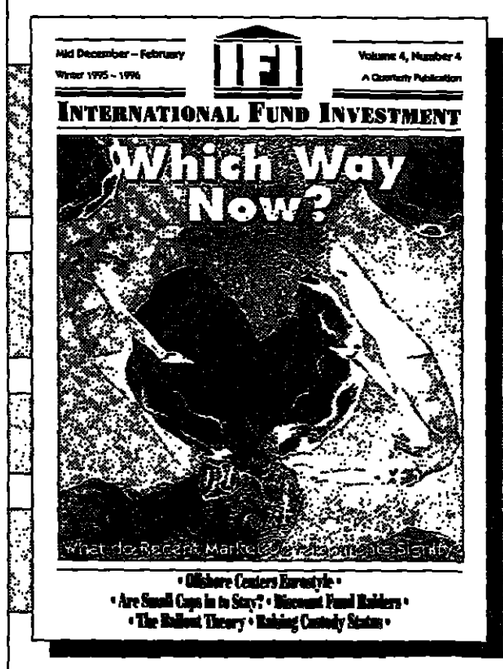
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SHORT COVER

Northwest Seen Buying New Jets

EAGAN, Minnesota (AP) — Northwest Airlines plans to buy 20 Airbus A320 planes in a deal that could exceed $500 million, according to a published report.

The purchase is expected to be announced next week, the Minneapolis Star Tribune reported Saturday.

Northwest refused to comment on its fleet plans.

"As in any transaction of this sort, we would not comment on such speculation until there was an agreement in place," said Jon Austin, spokesman for the airline.

Siemens to Form U.S. Alliance

MUNICH (Reuters) — Siemens AG said Sunday it had formed a global alliance with a U.S. company in the public communications systems business and would disclose details at a news conference on March 4.

Siemens did not name the U.S. company, but said the cooperation was in the field of broad-band communications.

U.S. Machine Tools Orders Soar

MCLEAN, Virginia (Bloomberg) — Orders for U.S. industrial tools surged during January, the Association for Manufacturing Technology reported, suggesting capital investment by businesses continues to boom.

"We are encouraged that 1996 began on a robust note," said Albert Moore, president of the association.

Total orders increased 23 percent, to $462.3 million, during *January from December*. Domestic customers increased their orders by 22.4 percent during the month, while demand from abroad advanced 26.8 percent, the trade group said.

Compared with a year ago, January orders rose 22.6 percent.

The report also showed that machine tool orders rose a revised 16.3 percent, to $375.9 million in December, originally reported as a 16.8 percent increase.

Dividend Presses Quantum Fund

NEW YORK (Bloomberg) — George Soros's Quantum Fund has seen a sharp drop in its share price because of a dividend distribution, not because it has lost large sums of money in global financial markets, the fund said.

The fund paid out a $4,200-a share dividend distribution on Feb. 9, said Shawn Pattison, a spokesman for the fund. That accounts for most of the 22 percent drop in the Quantum Fund's price since the beginning of February, he said.

Mr. Pattison was responding to an article in London's Sunday Telegraph that reported that Quantum Fund shares dropped almost 40 percent, or $1.6 billion, between Feb. 1 and Friday because of ill-conceived gambles that U.S. interest rates would continue to fall and that the dollar would keep rising against the yen.

German Firms Consider TV Deal

FRANKFURT (Bloomberg) — Daimler-Benz AG's Debis unit, Vebacom GmbH and the Kirch Group would not confirm or deny reports that they might work together to produce a competing decoder system for digital television in Germany.

Such an alliance could dash efforts to present German viewers with a single system to control access to digital television, which is expected to increase the number of programs and channels.

Although Hartmut Albrecht, a Vebacom spokesman, would not confirm the report in Der Spiegel, a news magazine, he said the company had met with representatives of Debis to discuss a multimedia pilot project in the city.

U.S. Rail Buys U.K. Freight Firms

ROSEMONT, Illinois (Bloomberg) — Wisconsin Central Transportation Corp. said during the weekend that a consortium it leads in Britain bought three train freight companies from British Rail for £225 million ($345 million) in cash.

EU's Trade Proposal for South Africa Sparks Conflict

By Tom Buerkle
International Herald Tribune

BRUSSELS — A European Union proposal to negotiate a free-trade agreement with South Africa has plunged Europe into its deepest dispute over trade policy since the closing stages of the Uruguay Round world trade talks three years ago.

The French government blocked agreement on the plan last week, contending that the accord proposed by the EU executive agency, the European Commission, would threaten the livelihoods of European farmers by unleashing a flood of cheap agricultural imports from developing countries.

France's position was strengthened by the unexpected support of Germany, which bowed to the pressure of its farm lobby and warned that it, too, would block the proposal unless South African meat products were excluded.

The tough French-German stance made it unlikely that EU foreign ministers would resolve the dispute when they meet in Brussels on Monday, frustrating the desire of all 15 EU countries to give support to South Africa's multiracial regime.

More broadly, French officials argued, the proposal is part of an ill-conceived commission strategy that has offered free-trade agreements and political cooperation to dozens of countries around the world in recent months. That strategy risks undermining the value of preferential trade agreements Europe has struck with its former colonies in the developing world, Paris contends.

"The commission has had only two ideas in recent years — free trade and political dialogue," a French diplomat said.

Behind those arguments, EU officials said, was a fear that echoed the trade protectionism of the American Republican presidential hopeful, Pat Buchanan: namely, that a proliferation of free-trade agreements would leave Europe's stagnant economy too exposed to unbridled global competition.

The dispute is deeply embarrassing for Europe because the Union endorsed the principle of free trade with South Africa last June but has failed to turn that promise into a concrete negotiating mandate.

South Africa protested the delay last week to the Italian government, which holds the rotating EU presidency. Italy's foreign minister, Susanna Agnelli, is pressing hard for an agreement because she wants President Nelson Mandela to sign a free-trade accord as a highlight of the EU summit meeting Italy will host in Florence in June.

French officials say they want to assist South Africa but are taking a hard line because the proposed agreement would be the Union's first free-trade pact since the establishment of the World Trade Organization last year. WTO rules require that free-trade agreements not discriminate against third countries.

"The question is whether what we are going to give to South Africa will have to be given to the rest of the world," the French diplomat said. If the Union was forced to extend the import rights suggested for South African fruit and vegetables to other countries, it would result in 600 million to 700 million European currency units a year ($777.67 million to $907.27 million) in lost sales for European farmers, he said.

More importantly, French officials expressed concern that the United States or other countries might challenge the proposed agreement as illegal because it would exclude roughly half of South Africa's farm exports. WTO rules stipulate that free-trade agreements must cover "substantially all trade."

Stuart Eizenstat, the U.S. ambassador to the Union, fueled those fears earlier this month by criticizing what he called Europe's tendency toward "partial preferential trade agreements with many parts of the world."

EU officials predicted that France eventually would endorse a South African deal, but its stance signaled tougher opposition to other free-trade agreements as well as attempts to liberalize trade in general in the run-up to the first WTO ministerial meeting in Singapore in December.

"They're trying to put down a marker," an EU official said.

Reflecting the French stance, Italy has proposed watering down an EU offer of free trade with Mexico to a two-stage, reciprocal lowering of trade barriers, but even that idea was not expected to win the approval of foreign ministers on Monday.

French officials have been increasingly scathing in their criticism of EU trade strategy in recent months, which has offered the prospect of free trade to countries ranging from Russia to the southern Mediterranean to the Mercosur bloc and Chile in South America.

"Nobody knows where Sir Leon Brittan will aim after Bangkok," the French diplomat said, suggesting that the EU trade commissioner might push for a free-trade arrangement with Southeast Asian countries after EU leaders hold a summit meeting with the leaders of the Association of South East Asian Nations in the Thai capital on Friday and Saturday.

■ Commission Rejects Taxes on Pollution

The European Commission says protecting the environment and liberalizing world trade are vital, but that imposing taxes on pollution is not the right way to achieve these potentially conflicting goals, Reuters reported.

"Economic performance and environmental performance are not incompatible," the commission says in a policy paper on trade and the environment that it will publish on Wednesday.

MORGAN: *Adapting to Keep Its Edge in Europe*

Continued from Page 19

Europeanization. As a company determined to work its way into business circles across the Continent, the chairman of the European operation, Sir David Walker, admits that its selection of an Englishman as chief executive has sent "very important" signals about Morgan Stanley "putting down roots" in European soil. Sir David also predicted more Europeans occupying key posts in the future.

But this Europeanization comes at a time when Morgan Stanley's executives seem more committed than ever to wrapping their expertise in the stars and stripes. Traditionally such an emphasis meant that U.S. houses reminded European clients with stocks or bonds to sell that America still had the largest capital market for such paper and that none knew that market, and its buyers, like they did.

More recently, a second layer of American patriotism has been added to the sales pitch. In an era of renewed American economic might and contrasting European decline, Morgan Stanley and others have begun to advance the notion of a broader superiority.

Sir David talks of a growing "Anglo-Saxon influence" in Europe. In the remaining years of the decade he predicts powerful forces sweeping the Continent. Pensions, largely the province of creaky social security systems in most European countries, will increasingly imitate the American model of individual, self-directed accounts. Huge blocks of European industry now in state hands will be privatized and rationalized. Many companies with strong positions in one market will have to seek a consolidation with their rivals in other markets.

All these coming phenomena, he says, are old hat in America and old hat for Morgan Stanley. "Given our American experience, I am highly confident we can remain on the crest of the coming wave of change in Europe," Sir David said.

Even Sir David admitted that the big European double-A rated commercial banks could raise capital at 10 percent, compared with the 15 percent price for his firm. Morgan Stanley executives say the price of their capital makes them very "robust" in their analysis of potential new projects.

But some rivals suggest that it has rendered Morgan Stanley dangerously timid. While others, for example, have opened offices in Eastern Europe and the former Soviet Union, Morgan Stanley has not. Its only office east of the old Iron Curtain is a rather new four-person operation in Moscow.

Even some Morgan Stanley executives conceded that in some situations, the riskiest decision can be not to invest. Yet at the end of the day, Mr. Ward said, "We must expand in an orderly way in order to keep a reasonable return for our shareholders."

But in Europe more so than America, the contest for the business of clients hinges on relationships and contacts. Both are expensive to maintain.

Sir David conceded that point. "If it were just a decision based on economics and efficiency, we would do all of our trading in Europe on the second and third floors of this building," he said. "But it is very important to be in Paris and Milan trading stocks and bonds and employing local people."

The question is, with other institutions able to afford far more lavish window displays in far more markets than Morgan Stanley, how long can it hold onto its lead?

Bremer Vulkan's Finances Are 'Disastrous,' Audit Shows

Compiled by Our Staff From Dispatches

FRANKFURT — An audit of Bremer Vulkan AG shows that the shipbuilder is in a more "disastrous" situation than originally feared, the European Union's competition commissioner, Karel Van Miert, said in an interview to be published Monday.

Vulkan, Germany's biggest shipbuilder, last week filed for protection from creditors because most of its divisions were insolvent, throwing 23,000 jobs into jeopardy.

Mr. Van Miert told the news magazine Der Spiegel that the EU would forbid any more loan guarantees for the shipbuilder until it knew the whereabouts of 850 million Deutsche marks ($583 million) in subsidies that Vulkan allegedly misused.

Vulkan executives will meet with creditor banks on Monday to decide how to proceed. The company has said it needs about 2.5 billion DM immediately to keep paying employees working on unfinished ships.

The head of Kreditanstalt für Wiederaufbau, one of Vulkan's creditor banks, said Sunday that Vulkan had to be allowed to complete its unfinished ships and that it would be prepared to provide further funding.

Meanwhile, Günter Rexrodt, Germany's economics minister, reiterated that the German government would provide no more financial support for Vulkan.

"To put it clearly: we can send no money to Bremen," Mr. Rexrodt told the Welt am Sonntag newspaper. "We can't throw good money after bad."

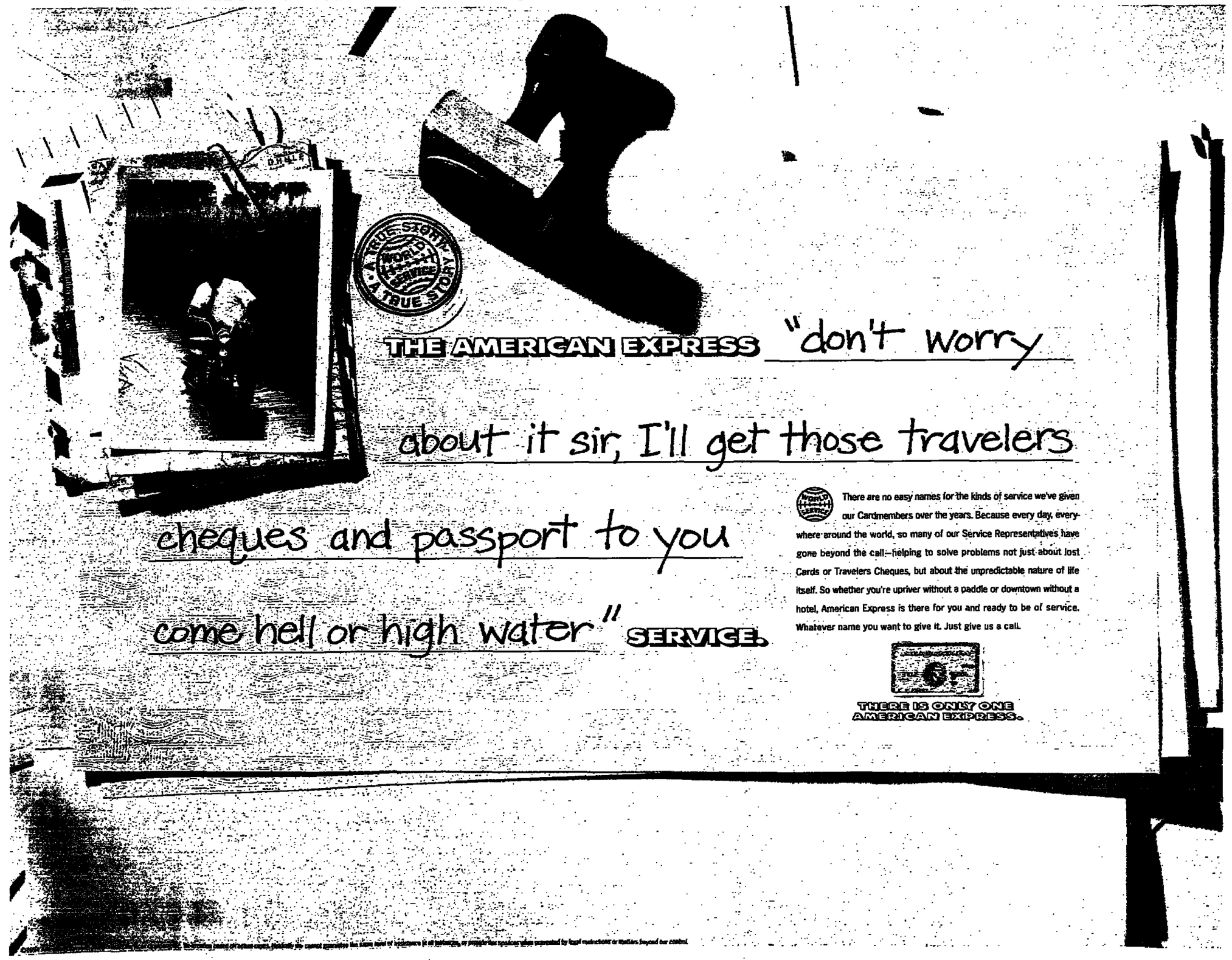
He said that in its effort to grow into a leading technology company, Vulkan "forgot about earning money."

"Now we all know: out of vision came illusion, and that is very bitter for the workers and the whole region," Mr. Rexrodt said.

He said he was left "at a loss for words" by the appearance of Friedrich Hennemann, Bremer's former chief executive, at worker protest rallies. "Mr. Hennemann is protesting against something for which he is responsible," Mr. Rexrodt said.

He said Vulkan had "bought companies rather than consolidating losses."

Mr. Hennemann, who resigned last year, has repeatedly denied he is to blame for Bremer Vulkan's problems. *(Reuters, Bloomberg)*



INTERNATIONAL HERALD TRIBUNE, MONDAY, FEBRUARY 26, 1996

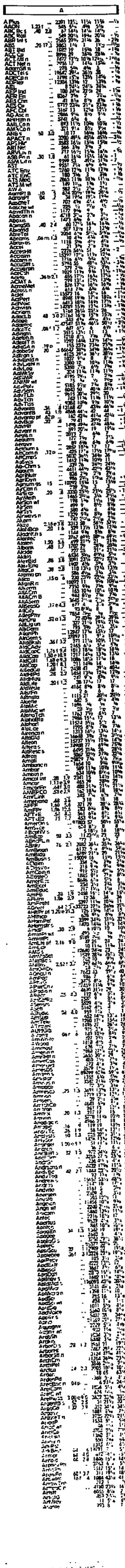
NASDAQ NATIONAL MARKET

Consolidated trading for week ended Friday, Feb. 23

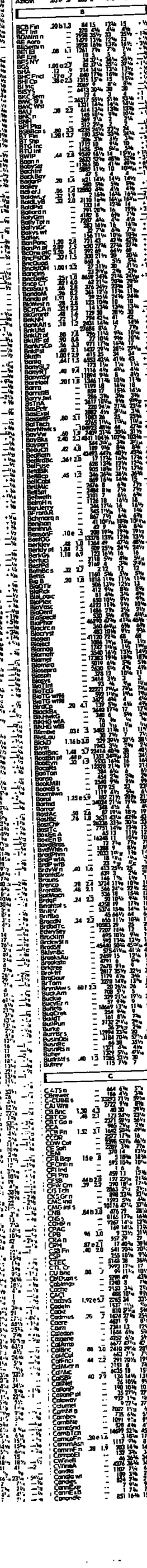
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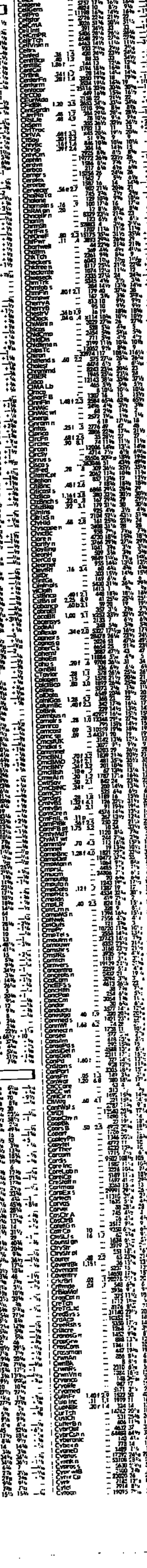


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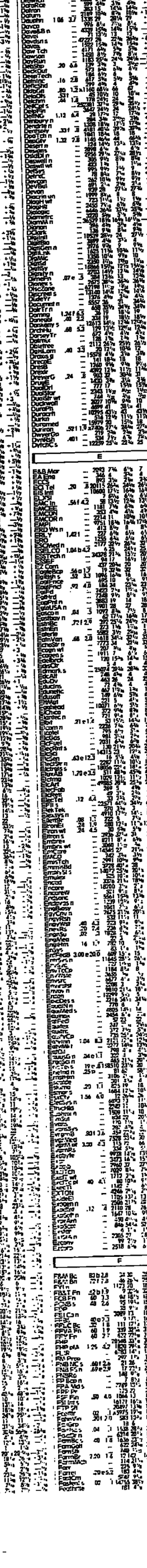


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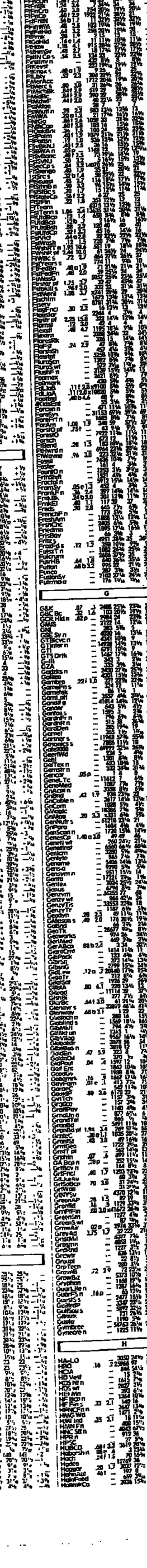


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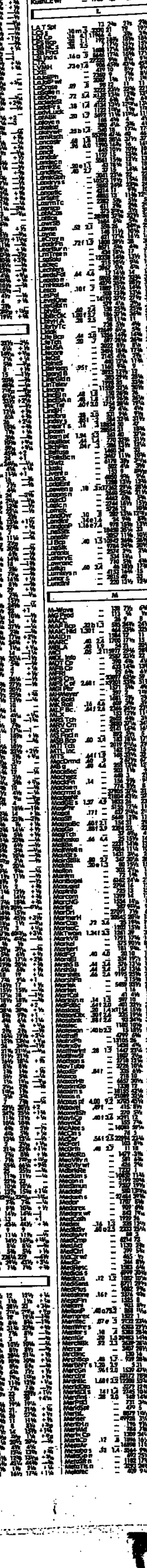
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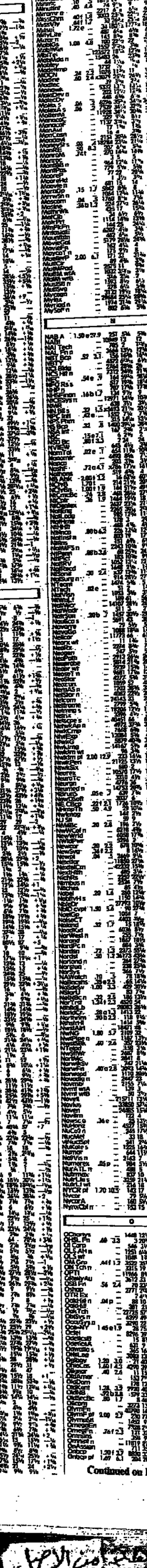


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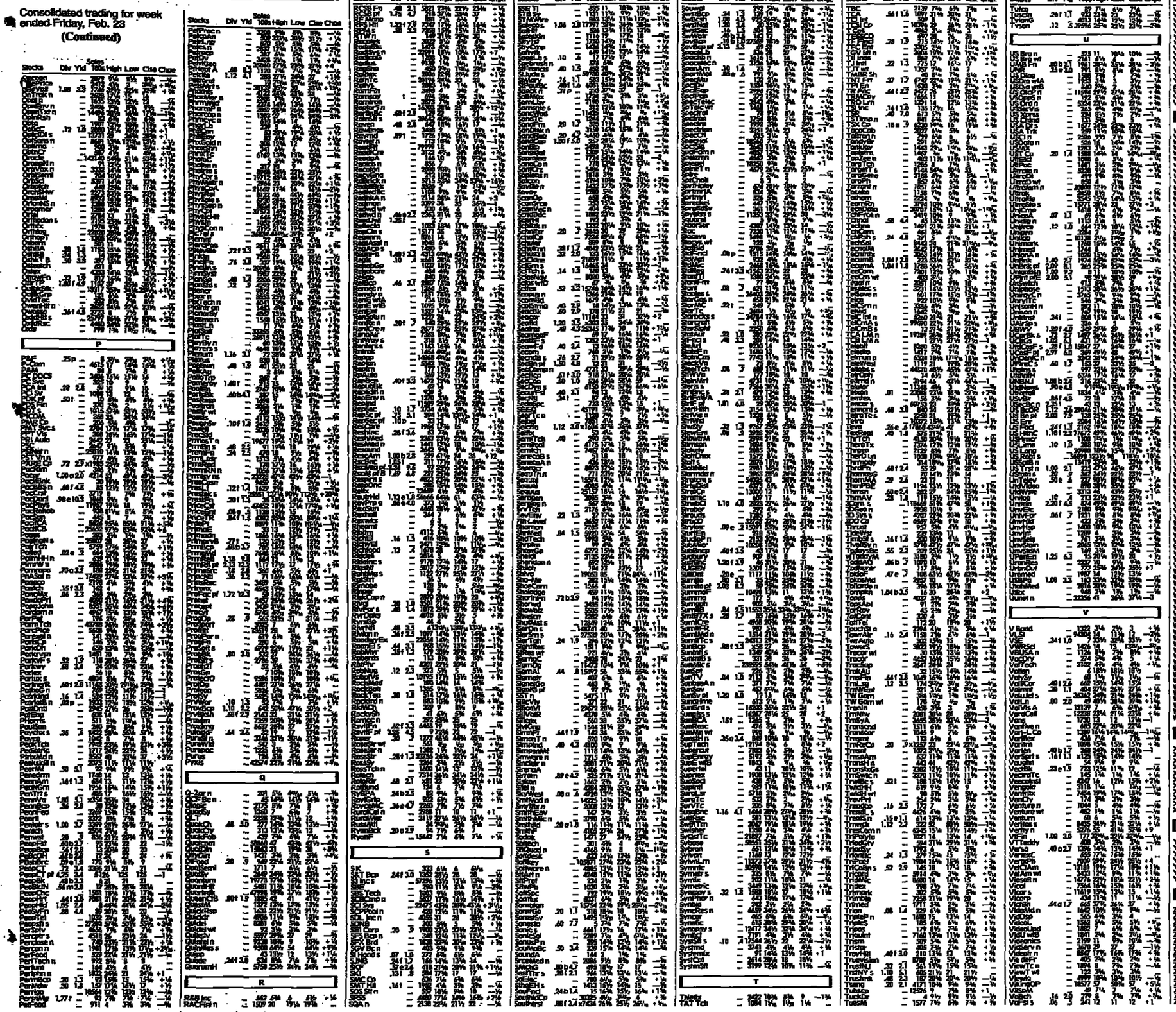
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NASDAQ NATIONAL

NASDAQ NATIONAL MARKET

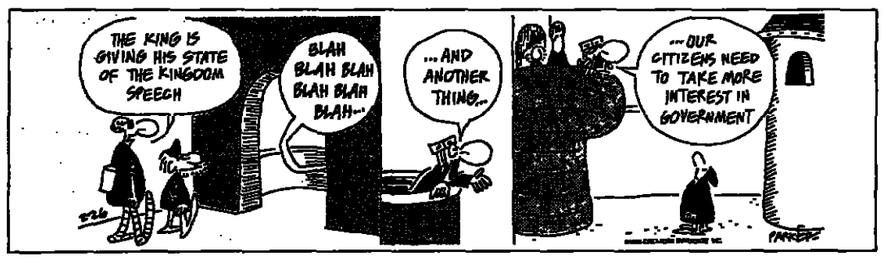
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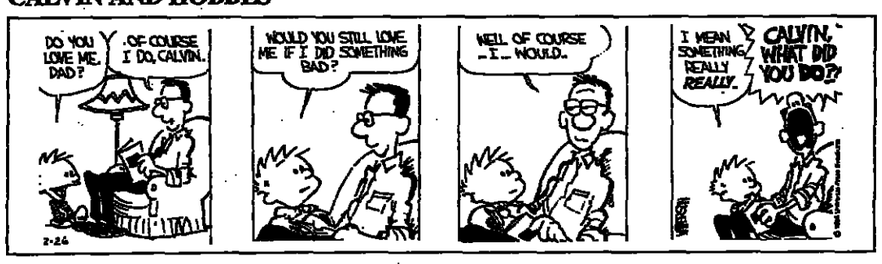
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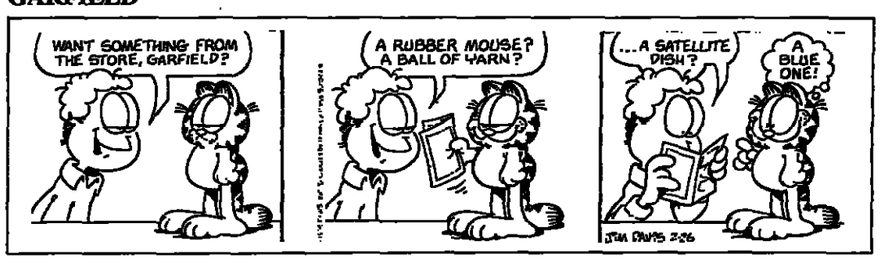
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THE FAR SIDE

JUMBLE.

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GYROL

FEROC

YALDDE

RATHEH

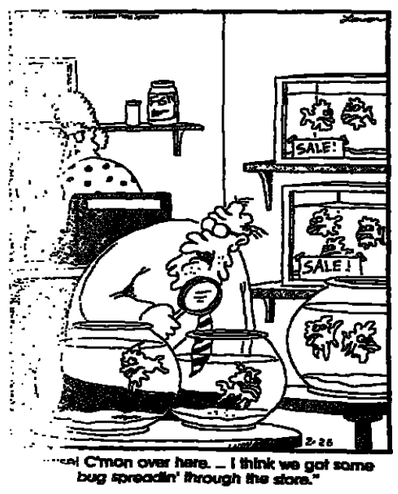


Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here :

(Answers tomorrow)

Saturday's Jumbles: KETCH SHEEP ADAGIO SHEKEL
Answer: How ice cream sells during a summer picnic — LIKE "HOT" CAKES



"...C'mon over here. ... I think we got some bug spreadin' through the store."

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SPORTS

Fiorentina Stays Alive in Race With Milan

Reuters

Gabriel Batistuta single-handedly kept Fiorentina's title challenge alive Sunday, scoring twice and making another in a 3-0 victory over Napoli that narrowed Milan's lead to four points in the Italian league.

The prolific Argentine striker took his tally for the season to 16 goals, first

EUROPEAN SOCCER

rifling home a free kick in the 36th minute, then rounding off a rapid counterattack with a clinical finish.

Batistuta set up a third goal for Francesco Baiano in the 78th minute as Fiorentina kept up the pressure on Milan.

Fiorentina remains second in Serie A with 45 points from 23 matches, just four behind Milan and three ahead of Parma. Parma dropped off the pace with a scoreless tie at Udinese.

Goals from Giuseppe Signori, Pierluigi Casiraghi and Diego Fuser together with Luca Marchegiani's first-half penalty save brought an emphatic 3-1 victory for Lazio, playing at Padua, to lift the Roman team into fourth spot, a point ahead of Juventus.

SCOTLAND Celtic, chasing its first Scottish league title since 1988, set up a thrilling finish by drawing even on points with its arch-rivals, Glasgow Rangers, before Sunday's game in Aberdeen.

But Paul Gascoigne's 32d-minute penalty gave Rangers a 1-0 victory to keep the Scottish champion on course for an eighth successive title, restoring Rangers' 3-point lead over Celtic.

The most impressive display for Celtic came from the Dutch forward, Pierre van Hooydonk, who had two goals.

One a tension-packed afternoon in Aberdeen, the referee produced the yellow card nine times— once for dissent by Gascoigne, collecting his 10th domestic booking of the season and the third in his last four games.

FRANCE Paris Saint-Germain and Monaco, two of the favorites, have been knocked out of French Cup soccer.

PSG, the title holder, fell, 3-1, at Auxerre, while Lille beat Monaco on penalties in third-round games Saturday.

The Paris club, still the first-division leader despite losing the last three matches, was reduced to 10 men after 29 minutes when defender Francis Llacer was sent off for a tackle on Auxerre's midfielder Sabri Lamouchi.

Auxerre's first goal came after four minutes when Lilian Laslandes scored from a Sabri Lamouchi cross. Lamouchi made it 2-0 two minutes before halftime.

Youri Djorkaeff scored from a free kick in the 57th minutefor Paris, but nine minutes later Laslandes put the issue beyond doubt by heading his second goal.

Lille, struggling to avoid relegation to the second division, moved past the star-studded Monaco thanks to its goalkeeper, Jean-Claude Nadon, who stopped an effort by Sonny Anderson to give his team a 5-4 victory in a tense penalty shoot-out. The teams were tied 1-1 after extra time. Antoine Sibierski had put Lille in front after 22 minutes but Enzo Scifo tied for Monaco in the 48th minute.

Marseille, the former European champion currently in the second division, ended the impressive run of little Blenod with Marc Libbra scoring twice in the last four minutes for a 2-0 victory.

ENGLAND The Football Association is to study video footage of two incidents involving Faustino Asprilla and Manchester City's Keith Curle that marred a 3-3 tie with Newcastle.

Asprilla, who was making only his second full appearance for Newcastle after being signed for $11.5 million from Parma, appeared to elbow Curle, Manchester's skipper, flush in the face following a 57th-minute incident.

Curle needed treatment after appearing to receive the blow full on his nose, although he was able to continue.

Asprilla then scored the second of Newcastle's goals but, after referee Martin Bodenham had blown the final whistle, the pair was again involved in an ugly confrontation.

GERMANY Borussia Dortmund, the Bundesliga leader, suffered its first home loss of the season Saturday to Hansa Rostock, 2-1, ending a 15-match unbeaten streak.

Borussia, depleted by injuries, still remains three points ahead in the standings. Steffen Baumgart put Rostock ahead in the 45th minute with his ninth goal of the season.

Jonathan Akpoborie made it 2-0 in the 54th minute. Patrik Berger scored for Dortmund two minutes later but Hansa held on.



Pascal George/Agence France-Presse

PSG's Alain Roche, left, is beaten to a header by Lionel Charbonnier of Auxerre in their French Cup match.

A Shake-Up at the Summit In Tennis's Numbers Game

By Christopher Clarey
Special to the Herald Tribune

The king is dead. Long live the king — but not for more than a week or two.

It has been a woolly and wild month atop the digital hierarchy in men's tennis. First, Pete Sampras was No. 1. Then Andre Agassi. Then Thomas Muster. Now Sampras again.

Not since 1985 has the highest ranking changed hands three times in four weeks. Not since 1983, when John McEnroe, Jimmy Connors and Ivan Lendl were rivals, have three players been swept up in such quick transition.

But apparently some top-ranked players are more equal than others. The consensus among the ATP Tour brethren is that Muster, who reached the top for one week this month and has an excellent chance to get there again in March, is not quite up to snuff.

It is an odd, relatively futile sort of resentment: like yelling at a video game that has defeated you. The ranking system, arcane as it appears to the public, is an objective instrument the players understand. Its guidelines are there for all to read and prepare for: The best 14 tournament results of the last 12 months are the ones that count. Everything else is immaterial.

Nonetheless, the belittling has continued, coming from sources as diverse as Agassi and the relatively anonymous South African, Marcus Ondruska.

The principal contentions are these:

• Muster has won most of his points on one surface: clay

• Muster, despite his French Open title last year, does not have the Grand Slam record of his 12 predecessors at No. 1

• Muster is not the best player in the world, merely the player who has best taken advantage of a flawed system.

"They are jealous, just jealous," Muster said shortly before his ascent Feb. 12.

Certainly, they are jealous. Unfortunately for Muster, tennis historians probably will end up reaching some of the same conclusions. Of the 13 players who have reached No. 1, Muster is likely to have the least enviable curriculum vitae when his career is finished. So far, he has won one Grand Slam title, reached no other Slam finals and never taken his native Austria past the semifinals of the Davis Cup.

> **The consensus among ATP Tour brethren, is that Muster is not quite up to snuff.**

This, in itself, is not problematic. When Lendl reached No. 1 for the first time in 1983, he had not won any Grand Slam titles. The problem for Muster is that his biological clock is ticking rather loudly. At age 28, he is the second-oldest player to reach the top after John Newcombe, the mustachioed Australian, who was 30 and slightly past his prime in 1974: one year after the ranking system began.

Newcombe would stay at the summit for a total of eight weeks: the shortest reign ever until Muster came along. The Austrian has spent one week at the top and even if he supplants Sampras again next month, he will have to play sensational tennis beginning in April if he is to defend most of the points he amassed on clay in 1995, a year when he won 11 of the 14 clay court events he entered.

But all this does not mean that Muster is not worthy of the game's top ranking at this particular stage in the year.

Yes, Sampras is the defending Wimbledon and U.S. Open champ, but he has been erratic in the last year. So has Becker, winner of the Australian Open and the ATP Tour Championship and not much else. As for Agassi, he has missed considerable time with injury, won nearly the same percentage of his points on hard courts as Muster on clay, and no longer holds a single Grand Slam title.

Muster has won 12 tournaments in the last 52 weeks, including the French and three of the so-called "Super Nine" tournaments, the ATP Tour's marquee events. The victory in Essen, Germany, was perhaps the most important in establishing Muster's credibility. It came, not on clay, but indoors and he beat Sampras in the semifinals.

So why not Thomas Muster? He has worked hard, played hard, grunted hard and overcome a devastating knee injury that would have sent most of his peers into other, less lucrative lines of work.

This ranking system is far from perfect, but Muster has followed the rules, maximized his chances and cashed in. His time to bask in his success almost certainly will be brief. Why not let him enjoy it.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	Pct	GB
Orlando	40	14	.740	—
New York	32	20	.615	7
Miami	25	29	.463	15
New Jersey	23	30	.434	16½
Washington	23	30	.434	16½
Boston	19	34	.358	20½
Philadelphia	10	42	.192	29

CENTRAL DIVISION

	W	L	Pct	GB
Chicago	48	6	.889	—
Indiana	34	20	.630	14
Cleveland	31	22	.585	16½
Atlanta	29	24	.547	18½
Detroit	26	25	.510	20½
Charlotte	27	26	.509	20½
Milwaukee	20	32	.385	27
Toronto	14	38	.269	33

WESTERN CONFERENCE

MIDWEST DIVISION

	W	L	Pct	GB
Utah	36	17	.679	—
San Antonio	35	17	.673	½
Houston	36	20	.643	1½
Denver	22	31	.415	14
Dallas	17	35	.327	18½
Minnesota	16	36	.308	19½
Vancouver	11	40	.216	24

PACIFIC DIVISION

	W	L	Pct	GB
Seattle	41	12	.774	—
L.A. Lakers	33	20	.623	8
Phoenix	26	26	.500	14½
Golden State	26	28	.481	15½
Sacramento	24	27	.471	16
Portland	25	29	.463	16½
L.A. Clippers	17	36	.321	24

FRIDAY'S RESULTS

Atlanta 35 28 27 18—108
New York 25 27 22 23— 97
A: Augmon 10-19 4-4 24, Blaylock 9-16 0-0 22; N.Y.: Mason 10-13 4-6 24, Starks 10-18 4-4 26. Rebounds—Atlanta 54 (Long 15), New York 38 (Mason 14). Assists—Atlanta 18 (Blaylock 9), New York 19 (Harper 5).

Charlotte 21 23 26 30—100
Washington 26 26 24 18— 94
C: Curry 8-13 3-4 21, Anderson 6-13 7-10 22; W: Howard 5-15 8-10 18, Wallace 8-13 1-2 18. Rebounds—Charlotte 56 (Rice 10), Washington 52 (Howard 9). Assists—Charlotte 21 (Anderson 9), Washington 19 (B.Price 5).

Chicago 21 23 24 36—104
Miami 31 31 29 22—113
C: Jordan 9-21 12-13 31, Kerr 7-9 3-3 19; M: Chapman 12-17 6-7 39, Lenard 5-12 5-8 19. Rebounds—Chicago 39 (Rodman 11), Miami 54 (Mourning 12). Assists—Chicago 20 (Pippen, Jordan 6), Miami 22 (Smith 7).

Philadelphia 27 23 18 27— 95
Indiana 24 26 23 29—102
P: Stackhouse 6-14 5-8 18, Maxwell 5-11 9-10 20; I: McKey 5-10 4-4 14, Smits 8-11 2-2 18. Rebounds—Philadelphia 38 (Weatherspoon 11), Indiana 62 (A.Davis 16). Assists—Philadelphia 16 (Ruffin 5), Indiana 19 (Miller 6).

Detroit 14 25 29 23— 93
Minnesota 31 22 18 23— 94
D: Hill 8-14 6-9 22, Thorpe 6-12 8-8 20, Houston 9-21 0-0 24; M: Mitchell 8-10 3-4 19, Rider 10-19 5-6 26. Rebounds—Detroit 35 (Hill 8), Minnesota 44 (Garnett 12). Assists—Detroit 21 (Hill 13), Minnesota 22 (Gugliotta 8).

L.A. Lakers 35 25 31 23—114
Dallas 27 20 22 19— 88
L.A.: Ceballos 11-20 2-2 27, Campbell 6-10 8-8 20, Divac 9-16 2-2 20; D: Kidd 8-26 0-0 17, Parks 8-17 0-3 16. Rebounds—Los Angeles 70 (Divac 18), Dallas 65 (Kidd, Parks 10). Assists—Los Angeles 23 (Van Exel 10), Dallas 20 (Kidd 12).

Orlando 34 34 29 18—115
Milwaukee 21 22 28 31—102
O: O'Neal 7-13 3-8 17, Hardaway 5-9 6-10 19; M: Baker 12-21 1-1 25, Conlon 5-8 7-9 18. Rebounds—Orlando 56 (Grant 9), Milwaukee 50 (Benjamin 10). Assists—Orlando 26 (O'Neal, Anderson 5), Milwaukee 26 (Robinson, Douglas, Mayberry 5).

Toronto 25 22 28 30—105
Phoenix 32 22 32 24—110
T: Miller 7-13 1-2 15, Stoudamire 10-17 4-4 29; P: Person 3-16 3-3 25, Perry 7-14 6-6 20. Rebounds—Toronto 36 (Miller 8), Phoenix 44 (Barkley 10). Assists—Toronto 21 (Stoudamire 10), Phoenix 29 (Perry 14).

San Antonio 21 34 25 32—112
Sacramento 26 23 18 38—105
S.A.: Elliott 9-18 2-4 21, Robinson 12-22 10-12 34; S: Grant 10-17 1-2 21, Polynice 10-17 3-5 23, Richmond 9-23 4-4 23. Rebounds—San Antonio 55 (Robinson 14), Sacramento 47 (Polynice 12). Assists—San Antonio 26 (Johnson 11), Sacramento 22 (Simmons 6).

SATURDAY'S RESULTS

New Jersey 16 15 23 20— 74
Cleveland 25 25 25 28—103
N.J.: Gilliam 7-8 1-2 15, Williams 6-12 3-4 15; C: Mills 7-12 4-4 21, Ferry 8-13 2-2 23. Rebounds—New Jersey 38 (Gilliam 7), Cleveland 50 (Phills 7). Assists—New Jersey 20 (Brown, Childs 4), Cleveland 28 (Phills 7).

Indiana 20 29 32 23—104
Charlotte 24 27 15 24— 90
I: Smits 9-15 4-4 22, Miller 8-18 5-6 21, Jackson 10-14 0-0 21; C: Curry 6-16 2-2 18, Rice 6-18 4-4 18. Rebounds—Indiana 50 (Smits, Jackson 9), Charlotte 50 (Johnson 13). Assists—Indiana 30 (Jackson 14), Charlotte 22 (Anderson 10).

L.A. Lakers 17 25 32 20— 94
Houston 26 24 15 31— 96
L.A.: Ceballos 11-19 4-8 26, Van Exel 6-13 3-4 18; H: Horry 7-14 1-2 18, Olajuwon 13-29 3-6 29. Rebounds—Los Angeles 49 (Divac 12), Houston 43 (Olajuwon 10). Assists—Los Angeles 22 (Van Exel 7), Houston 28 (Cassell 8).

Utah 25 18 14 33— 90
Denver 26 23 15 35— 99
U: Malone 7-25 1-6 15, Stockton 9-14 4-5 24; D: D.Ellis 6-10 2-2 15, Abdul-Rauf 10-24 9-9 31. Rebounds—Utah 47 (Malone, Keefe 9), Denver 60 (Mutombo 10). Assists—Utah 17 (Stockton 9), Denver 26 (Abdul-Rauf, Rose 5).

Sacramento 28 17 17 29— 91
Seattle 28 26 26 23—104
SA: Edney 8-17 2-3 18, Richmond 8-18 5-6 22; SE: Kemp 10-17 10-14 30, Payton 10-17 2-4 23. Rebounds—Sacramento 57 (Polynice 9), Seattle 59 (Kemp 18). Assists—Sacramento 18 (Edney 7), Seattle 19 (Hawkins, Payton, Perkins, Askew 3).

L.A. Clippers 18 29 12 21— 80
Golden State 15 28 22 21— 86
L.A.: Vaught 10-16 5-5 25, Dehere 5-11 6-6 19; GS: Smith 6-13 5-6 17, Armstrong 6-9 3-4 18. Rebounds—Los Angeles 48 (Vaught 10), Golden State 57 (Smith 11). Assists—Los Angeles 15 (Vaught, B.Barry 3), Golden State 20 (Armstrong 8).

Top 25 College Results

How the top 25 teams in The Associated Press' college basketball poll fared Saturday: 1, Massachusetts (26-1) lost to George Washington 86-76. Next: vs. St. Joseph's, Wednesday; 2, Kentucky (24-1) beat Florida 94-63. Next: at Auburn, Tuesday; 5, Kansas (23-2) beat Kansas State 77-66. Next: vs. Missouri, Monday; 8, Utah (22-5) beat Air Force 74-50. Next: at Brigham Young, Saturday; 9, Texas Tech (24-1) beat Texas 75-58. Next: vs. Rice, Saturday.

10, Wake Forest (18-5) lost to Virginia 67-49. Next: vs No. 17 North Carolina, Tuesday; 11, Georgetown (23-5) beat No. 20 Boston College 67-64. Next: at Providence, Tuesday; 13, Arizona (21-5) beat Oregon State 84-60. Next: at Washington State, Thursday. Wednesday; 15, Syracuse (20-7) beat Pittsburgh 77-60. Next: vs. St. John's, Monday; 17, North Carolina (19-8) lost to Florida State 84-80. Next: at No. 10 Wake Forest, Tuesday.

18, Iowa (19-5) lost to Illinois 91-86. Next: vs. Wisconsin, Wednesday; 20, Boston College (16-8) lost to No. 11 Georgetown 67-64. Next: vs. No. 4 Villanova, Tuesday; 22, Iowa State (19-7) beat Missouri 78-74. Next: vs. Kansas State, Wednesday; 24, Stanford (17-7) beat Washington 71-56. Next: at California, Sunday, March 3; 25, Wisconsin-Green Bay (24-2) beat Butler 73-66 OT. Next: Midwestern Collegiate Conference tournament first round, Saturday.

Major College Scores

SATURDAY'S RESULTS

EAST

American U. 83, Old Dominion 74
Boston U. 80, New Hampshire 69
Colgate 85, Lafayette 72
Columbia 61, Brown 55
Cornell 71, Yale 65
Dayton 67, La Salle 60
Delaware 71, Towson St. 70
Holy Cross 93, Bucknell 73
Iona 61, Loyola, Md. 57
Navy 73, Lehigh 59
Northeastern 75, Maine 59
Penn 80, Dartmouth 51
Princeton 65, Harvard 58
Rider 88, Fairleigh Dickinson 72
West Virginia 92, St. John's 77

SOUTH

Clemson 68, Maryland 61
Davidson 83, Marshall 77
Jackson St. 80, Alabama St. 68
James Madison 81, George Mason 80
LSU 93, Auburn 67
Mississippi 75, South Carolina 65
Mississippi St. 73, Alabama 65
New Orleans 66, SW Louisiana 62, OT
Samford 93, Georgia St. 72
Stetson 82, Fla. International 73
Tenn.-Martin 67, Austin Peay 64
Tennessee 94, Vanderbilt 79
Tennessee St. 65, Morehead St. 60
Va. Commonwealth 69, Richmond 67

MIDWEST

Bowling Green 68, Akron 50
Detroit 62, Loyola, Ill. 48
Kent 91, E. Michigan 73
Miami, Ohio 76, Ball St. 57
Michigan 65, Minnesota 62
Notre Dame 72, Seton Hall 60
Ohio St. 82, Northwestern 69
Ohio U. 76, Cent. Michigan 73
2 Valparaiso 69, Mo.-Kansas City 57
Wisconsin 73, Michigan St. 52
Xavier, Ohio 116, Duquesne 105

SOUTHWEST

Houston 79, Baylor 69
Texas Christian 87, Southern Meth. 79
Tulsa 72, Wichita St. 66

FAR WEST

California 71, Washington St. 67
Colorado St. 80, Wyoming 66
Fresno St. 95, Brigham Young 83
Loyola Marymount 71, San Francisco 51
Montana 76, Boise St. 61
New Mexico 88, Hawaii 79
New Mexico St. 81, UNLV 72
Oklahoma St. 66, Colorado 64
Oregon 81, Arizona St. 70
Pacific 79, UC Santa Barbara 72
San Diego 80, Pepperdine 61
San Diego St. 72, Texas-El Paso 69
Santa Clara 77, Gonzaga 71
UC Irvine 74, Nevada 68
Utah St. 66, Cal St.-Fullerton 53

HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
N.Y. Rangers	35	15	11	81	219	167
Florida	35	18	7	77	205	167
Philadelphia	30	18	11	71	206	161
Washington	28	25	7	63	169	162
New Jersey	27	25	8	62	154	147
Tampa Bay	27	25	8	62	180	193
N.Y. Islanders	17	33	8	42	171	223

NORTHEAST DIVISION

	W	L	T	Pts	GF	GA
Pittsburgh	36	20	4	76	268	204
Montreal	30	24	7	67	200	186
Boston	26	25	8	60	205	207
Hartford	25	27	6	56	168	183
Buffalo	24	29	6	54	174	184
Ottawa	12	44	3	27	140	223

WESTERN CONFERENCE

CENTRAL DIVISION

	W	L	T	Pts	GF	GA
Detroit	44	11	4	92	222	132
Chicago	32	18	11	75	208	158
St. Louis	26	24	11	63	166	176
Toronto	25	27	10	60	183	186
Winnipeg	24	30	4	52	195	207
Dallas	18	31	11	47	171	209

PACIFIC DIVISION

	W	L	T	Pts	GF	GA
Colorado	33	17	10	76	239	171
Vancouver	24	23	14	62	221	205
Calgary	23	28	11	57	179	189
Los Angeles	18	30	15	51	201	232
Edmonton	21	32	6	48	163	225
Anaheim	21	34	5	47	166	198
San Jose	13	41	6	32	183	259

FRIDAY'S RESULTS

New Jersey 6, Montreal 5
Buffalo 7, Philadelphia 2
Tampa Bay 3, N.Y. Islanders 2, OT
Pittsburgh 5, Hartford 4
Winnipeg 1, Chicago 0, OT
Colorado 6, Los Angeles 2
Boston 7, Edmonton 4
Calgary 3, Anaheim 2
Vancouver 3, San Jose 1

SATURDAY'S RESULTS

Montreal 7, Pittsburgh 3
New Jersey 2, Washington 1
N.Y. Rangers 4, Florida 0
Dallas 3, Toronto 2
Detroit 2, Tampa Bay 0
Los Angeles 2, St. Louis 2
Boston 2, Calgary 1

SOCCER

SPANISH FIRST DIVISION

Racing Santander 2, Deportivo La Coruna 1
Valencia 3, Oviedo 1
Compostela 3, Real Madrid 3
Salamanca 1, Rayo Vallecano 2
Albacete 2, Merida 0
Real Sociedad 1, Valladolid 0
Atletico Madrid 3, Celta 2
Sporting Gijon 2, Espanyol 3
Sevilla 1, Athletic Bilbao 1

STANDINGS: Atletico Madrid 64 points, Barcelona 53, Compostela 53, Valencia 52, Espanyol 51, Real Madrid 44, Betis 44, Tenerife 42, Real Sociedad 41, Deportivo de La Coruna 40, Celta 33, Athletic Bilbao 33, Racing Santander 31, Zaragoza 30, Albacete 30, Sevilla 30, Oviedo 29, Sporting Gijon 28, Rayo Vallecano 28, Merida 27, Salamanca 24, Valladolid 23.

ENGLISH PREMIER LEAGUE

Blackburn 2, Liverpool 3
Coventry 0, Middlesbrough 0
Everton 3, Nottingham Forest 0
Manchester City 3, Newcastle 3
Southampton 2, Chelsea 3
Tottenham 1, Sheffield Wednesday 0
West Ham 0, Arsenal 1
Wimbledon 3, Aston Villa 3
Bolton 0, Manchester United 6

STANDINGS: Newcastle 61 points, Manchester United 57, Liverpool 52, Aston Villa 46, Tottenham 45, Arsenal 44, Everton 43, Chelsea 42, Blackburn 41, Nottingham Forest 40, West Ham 38, Leeds 35, Middlesbrough 34, Sheffield Wednesday 29, Southampton 25, Wimbledon 25, Coventry 25, Manchester City 25, Queens Park Rangers 21, Bolton 16.

LEAGUE CUP

SEMIFINAL, SECOND LEG

Leeds 3, Birmingham City 0

ITALIAN FIRST DIVISION

Bari 0, Vicenza 2
Cremonese 3, Cagliari 1
Fiorentina 3, Napoli 0
Inter Milan 1, Atalanta 0
Padova 1, Lazio of Rome 3
AS Roma 1, Torino 0
Sampdoria 3, Piacenza 0
Udinese 0, AC Parma 0

STANDINGS: AC Milan 49 points, Fiorentina 45, Parma 43, Lazio 39, Juventus 38, Inter 35, Roma 34, Vicenza 32, Sampdoria 31, Udinese 31, Napoli 29, Cagliari 27, Atalanta 26, Piacenza 24, Torino 21, Padova 21, Bari 18, Cremonese 17.

GERMAN BUNDESLIGA

Bayer Leverkusen 0, Moenchengladbach 0
FC Kaiserslautern 0, FC St. Pauli 0
Karlsruher SC 1, Werder Bremen 1
1860 Munich 3, Eintracht Frankfurt 1
SC Freiburg 2, VfB Stuttgart 1
Fortuna Duesseldorf 2, Schalke 0
Borussia Dortmund 1, Hansa Rostock 2
Uerdingen 1, Bayern Munich 6

STANDINGS: Borussia Dortmund 41 points, Bayern Munich 41, Borussia Moenchengladbach 30, Hamburg 29, Hansa Rostock 28, VfB Stuttgart 28, 1860 Munich 27, Bayer Leverkusen 26, Schalke 25, Eintracht Frankfurt 24, Karlsruhe 23, St. Pauli 21, Freiburg 20, Kaiserslautern 19, Cologne 18, Werder Bremen 18, Fortuna Duesseldorf 17, Uerdingen 14.

DUTCH FIRST DIVISION

NAC Breda 2, NEC Nijmegen 1
Fortuna Sittard 0, Sparta Rotterdam 1
Feyenoord Rotterdam 0, PSV Eindhoven 0
Ajax Amsterdam 6, SC Heerenveen 2

STANDINGS: Ajax 56 points, PSV 54, Feyenoord 40, Sparta 35, Willem II 33, NAC 33, Vitesse 33, Heerenveen 32, Roda JC 29, RKC 29, FC Groningen 27, FC Twente 26, Fortuna Sittard 23, NEC 18, De Graafschap 15, FC Utrecht 15, FC Volendam 14, GA Eagles 12.

FRENCH CUP

THIRD ROUND

Blenod 0, Marseille 2
Auxerre 3, Paris-St. Germain 1
Thouars 0, Nimes 2
Lille 1, Monaco 1
(1-1 after extra time. Lille advanced 5-4 on penalties.)

OLYMPIC QUALIFYING

SOUTH AMERICAN ZONE

Paraguay 4, Peru 2
Brazil 4, Bolivia 1
Venezuela 5, Ecuador 2
Colombia 3, Chile 3

INTERNATIONAL FRIENDLY

Sweden 2, Australia 0

TENNIS

EUROPEAN COMMUNITY CHAMPIONSHIPS

IN ANTWERP

SEMIFINALS

Goran Ivanisevic, Croatia (3), def. Boris Becker, Germany (1), 6-4 7-6 (7-5).
Michael Stich, Germany (6), def. Andrei Medvedev, Ukraine, 6-4, 6-1.

FINAL

Stich def. Ivanisevic, 6-3, 6-2, 7-6 (7-5).

ST. JUDE INDOOR TOURNAMENT

IN MEMPHIS, TENNESSEE

QUARTERFINALS

Mark Philippoussis (10), Australia, def. Jiri Novak (15), Czech Republic, 6-3, 6-1. Michael Chang (3), U.S., def. MaliVai Washington (6), U.S., 7-5, 4-6, 6-3.
Pete Sampras (1), U.S. def. Mark Woodforde, Australia, 6-4, 7-6 (9-7). Todd Martin (5), U.S., def. Thomas Enqvist (4), Sweden, 6-4, 6-4.

SEMIFINALS

Martin def. Philippousis, 6-3, 7-5.
Sampras def. Chang, 6-3, 6-2.

IGA CLASSIC

IN OKLAHOMA CITY

QUARTERFINALS

Elena Likhovtseva (7) Russia, def. Amy Frazier (4), U.S., 7-6 (7-3), 3-6, 6-1. Chanda Rubin (1), U.S., def. Katrina Adams, U.S., 4-6, 6-2, 6-1.
Amanda Coetzer (3), South Africa, def. Joannette Kruger (6), South Africa, 6-1, 6-4. Brenda Schultz-McCarthy (2), Netherlands, def. Lisa Raymond (5), U.S., 6-3, 6-3.

SEMIFINALS

Schultz-McCarthy def. Likhovtseva, (7), 7-6 (7-2), 6-3.
Coetzer def. Rubin, 6-4, 6-4.

FABER GRAND PRIX

IN ESSEN, GERMANY

SEMIFINALS

Jana Novotna (4), Czech Republic, def. Anke Huber (2), Germany, 6-4, 6-4.
Iva Majoli (1), Croatia, def. Asa Carlsson, Sweden, 6-3, 6-2.

FINAL

Majoli def. Novotna, 7-5, 1-6, 7-6 (8-6).

DAVIS CUP

ASIA/OCEANIA ZONE

Pakistan 5, Saudi Arabia 0
Uzbekistan 5, Bahrain 0

SKIING

World Championships

MEN'S SLALOM

Leading results Sunday at the World Alpine Skiing Championships in Sierra Nevada, Spain, with combined time followed by first and second run times: 1, Alberto Tomba, Italy, 1 minute 42.26 seconds (52.02, 50.24); 2, Mario Reiter, Austria, 1:42.57 (51.35, 51.22); 3, Michael Von Gruenigen, Switzerland, 1:42.81 (51.83, 50.98); 4, Andrea Zinsli, Switzerland, 1:43.48 (53.31, 50.17); 5, Andrej Miklavc, Slovenia, 1:43.76 (52.32, 51.44).
6, Sebastien Amiez, France, 1:43.79 (51.66, 52.13); 7, Ole Furuseth, Norway, 1:43.97 (52.51, 51.46); 8, Kjetil Aamodt, Norway, 1:44.07 (52.98, 51.09); 9, Christian Mader, Austria, 1:44.51 (53.04, 51.47); 10, Lasse Kjus, Norway, 1:44.78 (53.16, 51.62).

WOMEN'S SLALOM

Leading results Saturday at the World Alpine Skiing Championships, with combined time followed by first and second run times: 1, Pernilla Wiberg, Sweden, 1 minute, 31.46 seconds (44.49, 46.97); 2, Patricia Chauvet, France, 1:32.32 (45.42, 46.90); 3, Urska Hrovat, Slovenia, 1:32.33 (44.44, 47.89); 4, Claudia Riegler, New Zealand, 1:32.42 (45.35, 47.07); 5, Ingrid Salvenmoser, Austria, 1:32.54 (45.68, 46.86).
6, Kristina Andersson, Sweden, 1:32.64 (45.45, 47.19); 7, Elfi Eder, Austria, 1:32.67 (44.76, 47.91); 8, Katarina Tichy, Czech Republic, 1:33.28 (46.16, 47.12); 9, Karin Koellerer, Austria, 1:33.38 (46.24, 47.14); 10, Natasa Bokal, Slovenia, 1:33.52 (46.12, 47.40).

CRICKET

SOUTH AFRICA VS. ENGLAND

SUNDAY, IN RAWALPINDI, PAKISTAN

South Africa Innings: 230 (all out, 50 overs)
England Innings: 152 (all out, 44.3 overs)
Result: South Africa won by 78 runs.

PAKISTAN VS. UNITED ARAB EMIRATES

SATURDAY, IN GUJRANWALA, PAKISTAN

UAE Innings: 109-9 (33 overs)
Pakistan Innings: 112-1 (18 overs)
(Match shortened due to rain.)
Result: Pakistan won by 9 wickets.

Group A Standings: Sri Lanka 6 points, India 4, Australia 2, West Indies 2, Kenya 0, Zimbabwe 0.

Group B Standings: South Africa 6 points, New Zealand 4, England 4, Pakistan 2, Netherlands 0, United Arab Emirates 0.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BOSTON—Voided the contract of Mike Ignasiak, pitcher. Agreed to terms with Joe Hudson, Jeff Suppan, and Rich Batll, pitchers.
CHICAGO—Agreed to terms with Mike Bertotti, Jeff Darwin, Robert Ellis, Steve Schrenk, and Brian Woods, pitchers; Julio Vinas and Scott Vollmer, catchers; Greg Norton and Olmedo Saenz, infielders; and Jimmy Hurst, outfielder, on 1-year contracts.
CLEVELAND—Agreed to terms with Bill Wertz, pitcher, on minor-league contract.
DETROIT—Agreed to terms with Rick Greene, Mike Myers, John Rattll, Cameron Smith, Clint Sodowsky and Justin Thompson, pitchers, and Shannon Penn, infielder.
NEW YORK—Agreed to terms with Chris Cumberland, pitcher, on 1-year contract.
SEATTLE—Signed Arquimedez Pozo, infielder.
TEXAS—Agreed to terms with Ed Vosberg, pitcher, on 1-year contract.

NATIONAL LEAGUE

ATLANTA—Agreed to terms with Mike Mordecai and Robert Smith, infielders, and Eduardo Perez, catcher, on one-year contracts.
HOUSTON—Agreed to terms with Jim Dougherty and John Hudek, pitchers, and Dave Hajek, infielder, on 1-year contracts.
LOS ANGELES—Agreed to terms with Chad Fonville, infielder-outfielder, and Joey Eischen and Felix Rodriguez, pitchers, on 1-year contracts.
NEW YORK—Agreed to terms with Rico Brogna, first baseman, on 1-year contract.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

NBA—Fined Vancouver guard Doug Edwards $3,500 for a flagrant elbow thrown at Seattle forward Detlef Schrempf on Feb. 18.
DALLAS—Signed David Wood, forward, to a contract for the remainder of the season.
HOUSTON—Put Clyde Drexler, guard, on the injured list.
MINNESOTA—Activated Eric Riley, center, from injured list. Put Jerome Allen, guard, on injured list.
NEW YORK—Named Ernie Grunfeld president and general manager. Signed Matt Fish, center, to a 10-day contract.
ORLANDO—Put David Vaughn, forward, on the injured list.
SEATTLE—Activated Steve Scheffler, center. Put Sherell Ford, forward, on the injured list.
TORONTO—Waived Herb Williams, center. Signed Dwayne Whitfield, forward.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

BUFFALO—Re-signed Phil Hansen, defensive end, to 3-year contract.
CHICAGO—Matched Jacksonville's offer sheet to Alonzo Spellman, defensive end. Released Lewis Tillman, running back.
HOUSTON—Agreed to terms with Joe Bowden, linebacker, on multiyear contract.
INDIANAPOLIS—Signed Tony Mandarich, offensive tackle.
NEW ORLEANS—Signed Fred Stokes, defensive end, to 3-year contract. Agreed to terms with Forey Duckett, cornerback, Kevin Farkas, offensive tackle, and James Fuller, safety, on 1-year contracts.
N.Y. JETS—Signed Jumbo Elliott, offensive tackle, to 5-year contract.
PHILADELPHIA—Signed Troy Vincent, cornerback, to an offer sheet.
ST. LOUIS—Named Michael Gray defensive assistant.
TAMPA BAY—Re-signed Hardy Nickerson, linebacker, to 4-year contract. Named Kevin O'Dea defensive assistant.

THE WEEK AHEAD

Monday, Feb. 26

TENNIS Milan, Italy — men, Italian indoors, GreenSet Trophy event, through March 3; Philadelphia — men, U.S. indoor, hardcourt event, through March 3; Linz, Austria — women, Generali Ladies. Supreme indoors, through March 3; San Juan, Puerto Rico — women, Puerto Rican Open, outdoor hardcourt event, through March 3.
CRICKET Patna, India — World Cup: Zimbabwe vs. Kenya; Lahore, Pakistan — Pakistan vs. Netherlands.
SOCCER Various sites — Olympic soccer qualifiers: Chile vs. Venezuela; Argentina vs. Colombia.

Tuesday, Feb. 27

CRICKET Bombay, India — World Cup: India vs. Australia; Faisalabad, Pakistan — New Zealand vs. United Arab Emirates.
SOCCER Tandil, Argentina — Olympic soccer qualifiers: Paraguay vs. Bolivia; Uruguay vs. Brazil.

Wednesday, Feb. 28

SOCCER Amsterdam, Netherlands — European Super Cup: Ajax vs. Real Zaragoza, second leg; Rome — Italian Cup, semifinals, second leg, Fiorentina vs. Internazionale, Atalanta vs. Bologna; Valencia, Spain — Spanish King's Cup, semifinals, second leg, Valencia vs. Atletico Madrid.
RUGBY Suva, Fiji — rugby league, IRLB World Sevens.
SKIING Kuopio, Finland — World Cup ski jumping.
CYCLING Valencia, Spain — Tour of Valencia cycling, through March 3.

Thursday, Feb. 29

ATHLETICS Melbourne, Australia — Grand Prix, NEC Classic.
SKIING Lillehammer, Norway — Freestyle World Cup, moguls, dual moguls, and aerials, through March 3; Narvik, Norway — Alpine World Cup, women's downhills (2) and giant slalom, through March 2.
GOLF Tarragona, Spain — men, European Tour, Catalan Open, through March 3; Miami — men, U.S. Tour, Doral-Ryder Open, through March 3.
VOLLEYBALL Rio de Janeiro — World Beach Championships, through March 3.
SOCCER Barcelona, — Spanish King's Cup, semifinals, second leg, RCD Espanyol vs. Barcelona.
CRICKET Pune, India — World Cup: West Indies vs. Kenya; Karachi, Pakistan — Pakistan vs. South Africa.

Friday, March 1

SKIING Nagano, Japan — Alpine World Cup, men's downhills (2) and super-g, through March 3; Lahti, Finland — men, women, Nordic World Cup, men's 30K and 40K relay, women's 10K, through March 3.
CRICKET Nagpur, India — World Cup: Australia vs. Zimbabwe; Lahore, Pakistan — Netherlands vs. United Arab Emirates.
SKATING The Hague, — speedskating, men, women, World Short Track Championships, through March 3.
ATHLETICS Atlanta — North American GP, U.S. Indoor Championships, through March 2.

Saturday, March 2

BOXING Newcastle, England — Nigel Benn, England (holder), vs. Thulane Malinga, South Africa, 12-round bout for WBC super-middleweight title; Tom Johnson, U.S. (holder), vs. Ever Beleno, Colombia, 12-round bout for IBF featherweight title.
RUGBY Edinburgh, Scotland — rugby union, Five Nations, Scotland vs. England; Dublin, Ireland — Five Nations, Ireland vs. Wales.
SKIING Happo One, Japan — skiing, men, Alpine World Cup, downhill and super-g, through March 3. Lahti, Finland — ski jumping, Nordic World Cup, normal hill team, large hill, Nordic combined event, through March 3; Kagoshima, Japan — golf, men, Andersen Consulting World Championship of Golf Japanese Regional, through March 3.
ATHLETICS Seaside, Oregon — Trail's End Marathon; Houston — athletics, Carl Lewis Relays.
SOCCER Selangor, Malaysia — Asian Cup qualifying, Malaysia vs. Indonesia.

Sunday, March 3

AUTO RACING Homestead, Florida — IndyCar, Grand Prix of Miami.
ATHLETICS Los Angeles — Los Angeles Marathon.
BOXING Yokohama, Japan — Daniel Zaragoza, Mexico (holder), vs. Joichiro Tatsuyoshi, Japan, 12-round bout for WBC super bantamweight title.

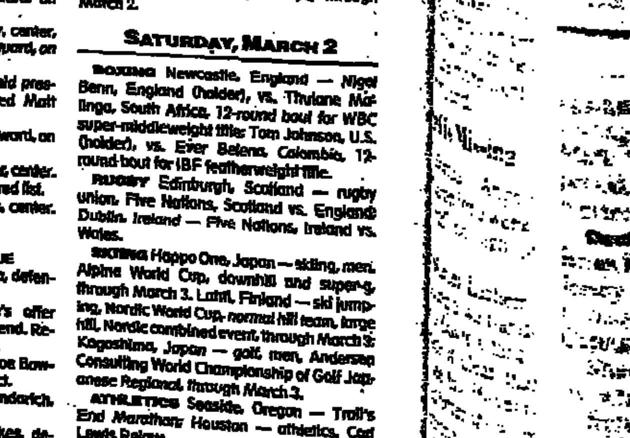
CROSSWORD

ACROSS

1 Zilch
5 Stored, as papers
10 60's-70's hairdo
14 Second hand
15 —— fell swoop
16 Beat soundly
17 Film for which Daniel Day-Lewis won an Oscar
19 Ascended
20 Congresswoman Abzug
21 A single time
22 Like printers' fingers
23 Elevator alternative
25 Short ——
27 Trawler's equipment
29 Panache
32 Apex
35 Olympics ceremony music
39 Goal
40 —— Guevara
41 "Off-limits"
42 Sleep phenomenon Abbr.
43 Spicy
44 Append
45 —— St. Vincent Millay
46 Actor Tom of "The Seven Year Itch"
49 New Yorker writer E. J. ——
50 Go on and on
54 Comstock Lode site
58 "Desire Under the ——"
60 Fox's shrill cry
62 Tree exudation
63 Stock exchange position
64 "Night Gallery host
66 Follow
67 Ryan or Tatum
68 Keats works
69 Rooney of "60 Minutes"
70 "Phooey!"
71 Saucy

DOWN

1 Desensitizes
2 To date
3 Perry's secretary
4 Sweet girl of song
5 Suit
6 Dara
7 "On Golden Pond" birds
8 Tennyson's "—— Arden"
9 Impede, as an attack
10 Unanchored
11 Place for a lawn
12 J.F.K.'s Secretary of State
13 Follow orders
18 $1.50 for the first 1/5 mile, e.g.
24 Onset
26 "Woe —— !"
28 Tantrum
30 Mortgage
31 Poet Lazarus
32 Symptom for a dentist
33 Grub
34 Municipal employee in a Beatles song
36 New Deal proj.
37 Chop none too carefully
38 Patriot Allen
41 Tree in Miami
45 Wrap
47 "As the final point ——"
48 German mister
51 Justice White
52 Sierra ——
53 Kind of statesman
55 All kidding ——
56 Informal eatery
57 High anxiety
58 "Cómo —— usted?"
59 Like Jack Sprat's diet
61 11th graders' exam: Abbr.
65 Raised railways



Puzzle by Norma Steinberg

© New York Times/ Edited by Will Shortz.

Solution to Puzzle of Feb. 23

JUSTFOLKS APED
ONTHELINE AGAVE
STRADDLED RELIT
ERIN FLEECE ADE
PUP ROI ROASTER
HEEDER BURSTING
INDIANA RACE
DISCO NIT BALED
ISLE LETSOUT
STARLESS BRAVOS
SAMSONS MSG ERE
UNO POETIC GRIN
ABUSE NAMENAMES
DUNES CRINOLINE
ELKE EASEMENTS

SPORTS

UMass Falls, 86-76, To George Washington

Minutemen's Reign Ends After 26 Games

New York Times Service

There was going to be a day like this, even at Massachusetts, where perfection suddenly became a standard.

The Minutemen became the last major college basketball team to lose when George Washington controlled every aspect of the game Saturday and held off a loud but unsuccessful rally.

With Marcus Camby limited by the front line of the Colonials, and Coach John Calipari forced to watch the game on television because of two technical fouls in the first half, George Washington's 86-76 victory ended the Minutemen's 26-game winning streak.

"The good news is there is no pressure now," Calipari said. "It's, 'Play ball.'"

That was the only good news for the Minutemen, who have held the No.1 ranking for the past nine weeks. Massachusetts (26-1 over all and 14-1 in the Atlantic 10) can still gain a top regional seed in the National Collegiate Athletic Association tournament. But not if the Minutemen lack the passion to the extent that they did Saturday.

"George Washington beat our brains in," Calipari said.

Shawnta Rogers, a 5-foot-3-inch freshman guard, led the Colonials with 15 points, 8 assists and 3 steals. The Colonials (18-5, 11-2) won their fourth consecutive game against the Minutemen. George Washington won for the second straight year in a building where UMass has a record of 38-2.

In other games, reported by The Associated Press:

No. 2 Kentucky 94, Florida 63 The Wildcats turned in another impressive performance against Florida in Gainesville for their 23d straight victory since a 92-82 loss to UMass in the second game of the season. Antoine Walker scored 20 points and had 11 rebounds for the Wildcats (24-1, 14-0 Southeastern Conference). Kentucky had six players score in double figures, and its bench outscored the Gators' reserves, 43-0. Florida, which lost for the sixth time in seven games, got 24 points and 10 rebounds from Dametri Hill.

No. 5 Kansas 77, Kansas St. 66 In Manhattan, Kansas, Jacque Vaughn scored 20 points and seemed to stop every Kansas State rally with a timely 3-pointer as Kansas clinched the final Big Eight championship, closing out the Big Eight era by winning five of the last six titles. The Big Eight becomes the Big 12 next year with the addition of Texas, Baylor, Texas Tech and Texas A&M. Vaughn, who needs only 19 assists to reach 600 for his career, hit four of five 3-pointers.

No. 8 Utah 74, Air Force 50 Keith Van Horn scored 23 points and Utah used a second-half burst to clinch at least a share of its second straight Western Athletic Conference title. The visiting Utes (22-5, 14-3) shot just 39 percent in the first half, but they opened the second half with an 8-2 run and later added a 10-0 flurry for a 56-35 lead with 8:51 remaining. Brandon Jessie added 17 points and Ben Caton 13 for Utah.

No. 9 Texas Tech 75, Texas 58 Tony Battie had 22 points and nine rebounds as Texas Tech ended eight years of frustration playing in Austin with a victory that clinched the final Southwest Conference regular-season title for the Red Raiders. The Longhorns finished 26-of-73 (36 percent), including a 7-of-24 performance by Reggie Freeman, the conference's leading scorer. Freeman, who averaged 22.7 points per game before Saturday, led Texas with 15 points.

Virginia 67, No. 10 Wake Forest 49 Chris Alexander celebrated his last home game for Virginia with one of his best, frustrating Wake Forest's center, Tim Duncan, all night in helping the Cavaliers to a victory. Duncan, second in the Atlantic Coast Conference in scoring (19.6) and shooting percentage (54), managed only 15 points on 6-for-20 shooting. He continually missed shots with Alexander's hand in his face. The Cavaliers got 19 points from Courtney Alexander, 18 from Harold Deane and 13 from Curtis Staples. Wake Forest (18-5, 10-4) dropped a half-game behind first-place Georgia Tech in the ACC.

No. 11 Georgetown 67, No. 20 Boston College 64 In Landover, Maryland, Boston College did everything right. It dictated the tempo, slowed Allen Iverson, held the Hoyas to 38 percent shooting and even led by as many as 11 in the second half. Yet the Hoyas survived the adverse conditions and stepped up the defense in the homestretch to take the victory. It was Georgetown's fourth straight victory over a ranked team, and clinched at least a tie for first place in the Big East 7. Georgetown (23-5, 12-4) Big East) improved to 15-0 at home this season. Antonio Granger, dropped from the starting lineup for the first time this season in favor of streaking Bevan Thomas, led the Eagles with 19 points — including 10 in the 19-4 run. Harrington had 13 points, nine rebounds and four blocks for Georgetown, while Williams had 10 points and six rebounds.

No. 13 Arizona 84, Oregon St. 60 A 3-point play by Ben Davis started No. 13 Arizona on a 9-0 run in the first two minutes of the second half Saturday night, and the Wildcats went on to rout visiting Oregon State, beating the Beavers for the 13th straight time.

Davis had all 11 points and six of his 11 rebounds in the second half, and Michael Dickerson scored 16 points and Reggie Geary got 15. Sonny Benjamin and Iyan Walker had 11 points each for Oregon State.

No. 15 Syracuse 77, Pittsburgh 60 After Syracuse's starting center, Otis Hill, went to the bench with his fourth foul 90 seconds into the second half, the backup center, J.B. Reafsnyder, turned in a double-double, scoring 12 of his career-high 18 points during a 20-6 second half run that helped Syracuse overcome poor shooting in the first half and defeat the visiting Panthers. Syracuse defeated Pittsburgh for the 10th straight time. John Wallace had 19 points to lead Syracuse , which attained the 20-victory plateau for a 14th consecutive season. The Panthers were led by Jason Maile's 13 points.

Florida St. 84, No. 17 North Carolina 80 James Collins scored 27 points as Florida State all but ended North Carolina's hopes of winning the Atlantic Coast Conference regular-season title, beating the Tar Heels in Chapel Hill, North Carolina. The eighth-place Seminoles (13-11, 5-9) broke a nine-game losing streak against the Tar Heels. Florida State won with clutch 3-point shooting from Collins and Geoff Brower, a freshman who tied a career high with 17 points. Collins and Brower combined to make 10 of 12 3-pointers and the Seminoles tied a season-high with 11 of 17 from long range.

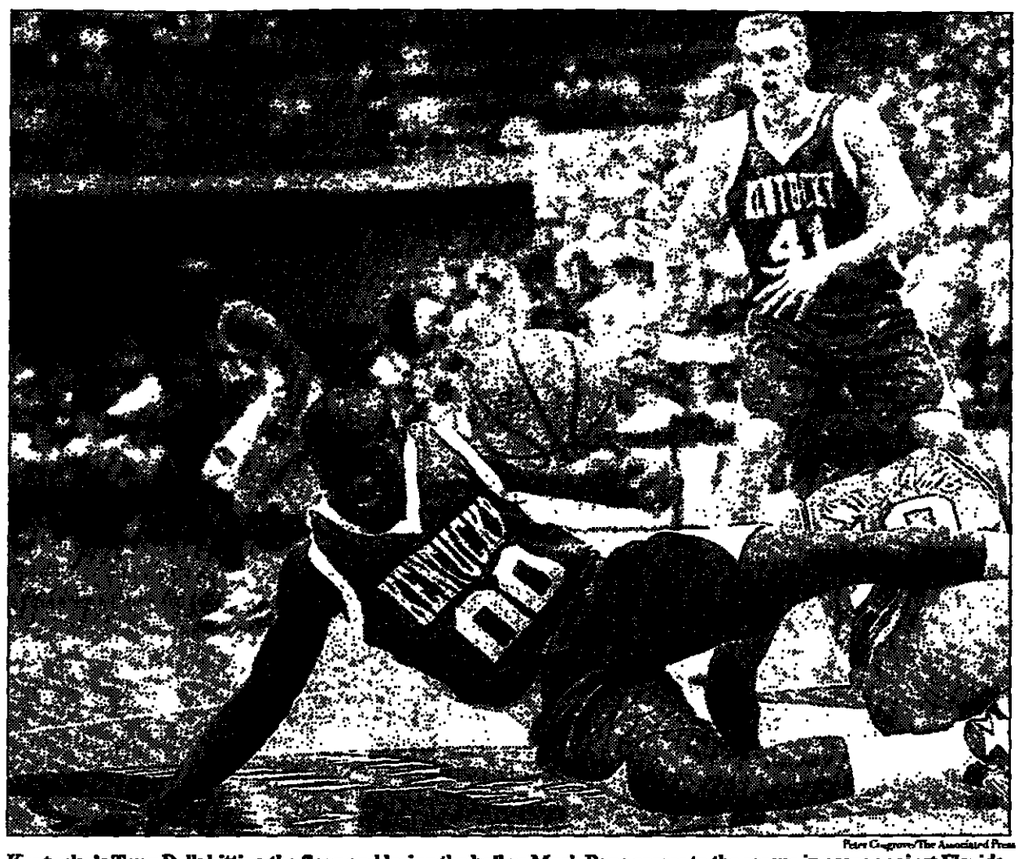
Illinois 91, No. 18 Iowa 86 Illinois' coach, Lou Henson, announced that this season would be his last after the Illini held on for a victory over Iowa. Henson's announcement in Champaign, Illinois — first to his players in the locker room, then to fans in a radio interview piped through a public address system — overshadowed the play of Richard Keene, a senior guard who scored a career-high 25 points, including six 3-pointers, grabbed seven rebounds and had six assists and a steal.

No. 22 Iowa St. 78, Missouri 74 In Columbia, Missouri, Dedric Willoughby scored 25 points and ignited a second-half rally with four 3-pointers in less than four minutes for Iowa State. Iowa State (19-7, 8-4 Big Eight) swept Missouri in the regular season for the first time since 1978 and won for the first time in Columbia since 1985. Willoughby had 27 points, two short of his career high. Julian Winfield had a career-high 25 points and 12 rebounds for Missouri.

No. 24 Stanford 71, Washington 56 Andy Poppink had 21 points and 13 rebounds to lead host Stanford to a 71-56 victory. Washington (14-9, 7-7), which has lost five of its last six, got 14 points each from Todd MacCulloch and Mark Sanford.MacCulloch, a 7-foot freshman, also had seven rebounds for the Huskies.

No. 25 Wisconsin-Green Bay 73, Butler 68 In Green Bay, Wisconsin, Ben Berlowski scored six of his 23 points in the closing seconds of overtime, and Eric Jackson had six 3-pointers and 20 points for Wisconsin-Green Bay.

COLLEGE BASKETBALL



Peter Cosgrove/The Associated Press

Kentucky's Tony Delk hitting the floor and losing the ball as Mark Pope comes to the rescue in game against Florida.

Rockets End Lakers' Streak at 8

The Associated Press

Hakeem Olajuwon scored 29 points and Kenny Smith came off the bench to hit four straight 3-pointers as the Houston Rockets beat Los Angeles, 96-94, to snap the Lakers' eight-game winning streak.

The Lakers outscored the Rockets by 17 points in the third quarter Saturday night and led, 74-65, entering the fourth before Smith led a 14-2 run that put Houston in control.

Robert Horry scored 18 points for the Rockets and Nick Van Exel had 18 for the Lakers.

Magic Johnson, playing for the first time in three games, played 11 minutes in the first half before his right thigh tightened.

Cavaliers 103, Nets 74 In Cleveland, Chris Mills scored 18 of his 21 points in the first half as the Cavaliers built a 19-point halftime lead on the way to a 29-point victory over New Jersey.

Danny Ferry scored 23 for the Cavs, who won for the ninth time in 11 games and stopped New Jersey's season-high five-game winning streak.

Pacers 104, Hornets 90 In Charlotte, North Carolina, Reggie Miller powered a third-quarter surge that sent Indiana over Charlotte and snapped the Hornets' longest winning streak of the season at five games.

Miller scored 10 of his 21 points as the Pacers opened the quarter with a 22-5 run on the way to their 15th victory in 18 games against Charlotte. Rik Smits had 22 points and Mark Jackson added 21 points, 14 assists and nine rebounds.

Nuggets 99, Jazz 90 Mahmoud Abdul-Rauf scored 31 points, including 14 in the fourth quarter, and Denver captured the season series from Utah for the first time in 11 years.

Dale Ellis scored seven points in a two-minute stretch of the fourth quarter, giving the Nuggets a 76-67 lead. John Stockton responded with successive 3-pointers to cut Denver's lead to 76-73.

Stockton led Utah with 24 points before fouling out with 32 seconds left.

SuperSonics 104, Kings 91 In Seattle, Shawn Kemp had 30 points and 18 rebounds and Gary Payton scored 23 as the Sonics extended their season-high winning streak to nine games. Mitch Richmond's 22 points led Sacramento.

Warriors 86, Clippers 80 In Oakland, California, Golden State beat Los Angeles despite 36 percent shooting and its lowest point total of the season.

NBA ROUNDUP

Strike 3! Below The Knee

The Associated Press

NEW YORK — At last, the pitchers get a break. The strike zone, supposedly shrinking for years, became a few inches bigger when it was moved down to below the knee.

The change — officially a redefinition — was agreed to by the Official Playing Rules Committee of baseball and the players' union. The move was made as part of the effort to speed up games.

The umpires' union did not need to approve the move. The umpires, however, will have to start enforcing the lower strike, starting with exhibition games next week.

From now on, the lower limit of the strike zone will be the hollow beneath the kneecap. Previously, pitches could be no lower than the top of the knees to be strikes.

"This rule clarification is designed to return the strike zone back to the previous definition," said Bill Murray, chairman of the playing rules committee.

Most every other change in the last quarter-century has helped hitters more than pitchers.

The mound was lowered for the start of the 1969 season, and the designated hitter was added a few years later. Since then, pitchers have claimed that umpires no longer call high strikes, and contend that they're no longer allowed to throw inside because batters are more likely to charge the mound.

Key Angel Is Missing

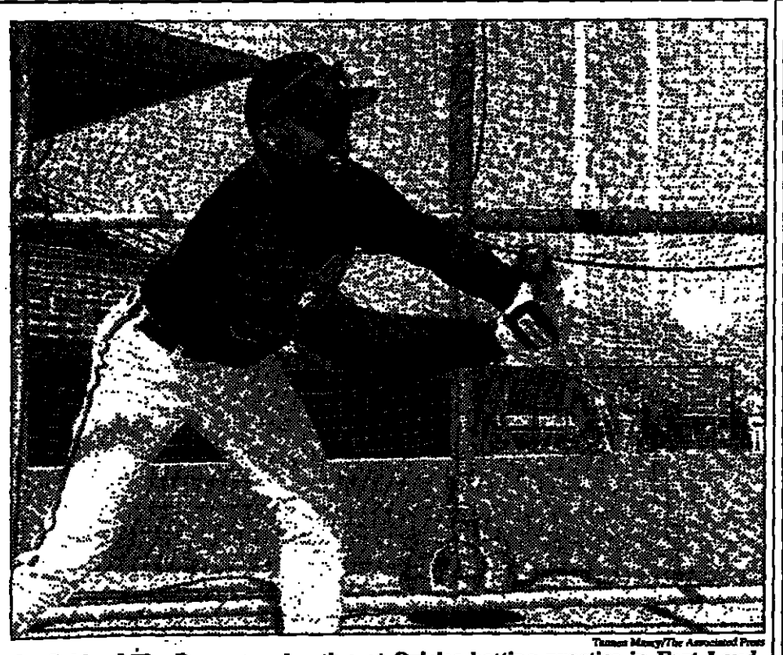
The California Angels have been in camp for a week, and there's still no sign of Chili Davis.

Manager Marcel Lachemann is still taking a wait-and-see attitude to Davis's tardiness, but made it clear that he'd like to see his 36-year-old designated hitter show up in Tempe, Arizona.

"Technically, you don't have to be here until March 1. But since that's our first game, that might be somewhat of a stretch," Lachemann said.

"He needs to have his legs in shape, and we're doing that kind of work now."

Davis hit .318 last year with 20 home runs and 86 RBIs in 119 games.



Tomas Muscy/The Associated Press

Outfielder Mike Devereaux bunting at Orioles batting practice in Fort Lauderdale, Florida. Devereaux is back with Baltimore after a year with the Braves.

Rangers Shut Out Panthers, 4-0

The Associated Press

Brian Leetch scored on the first shot of the game and had two of three first-period goals, and Glenn Healy got his second shutout of the season as the New York Rangers beat the Florida Panthers, 4-0, in National Hockey League action.

The victory Saturday night ended the Rangers' two-game losing streak and increased New York's lead over Florida to four points in the Atlantic Division.

The Rangers scored on their first two shots against a shaky Mark Fitzpatrick. After allowing two goals to Leech and another to Mark Messier on 11 shots in the opening period, Fitzpatrick was replaced by John Vanbiesbrouck, a former Ranger.

Devils 2, Capitals 1 In Landover, Maryland, Brian Rolston had a goal and an assist as New Jersey scored twice in the opening five minutes and beat Washington, snapping the Capitals' five-game home winning streak.

Shawn Chambers also scored for the Devils, who won their second consecutive game.

Sylvain Cote scored for the Capitals, who have lost three straight and four of five. The loss was Washington's first since Jan. 23.

Red Wings 2, Lightning 0 In Detroit, Mike Vernon made 25 saves and Igor Larionov scored the tiebreaking goal as the Detroit Red Wings beat Tampa Bay.

Detroit has won 11 straight and 24 of its last 26 at Joe Louis Arena.

The teams were scoreless until Larionov scored at 1:49 of the third. Bob Errey added an empty-net, power-play goal with 39 seconds left.

Stars 3, Maple Leafs 2 In Toronto, the Dallas Stars won a rare game at Maple Leaf Gardens, beating Toronto as Derian Hatcher, Kevin Hatcher and Mike Modano each scored a goal.

The Stars won for the first time in 10 visits (1-8-1) since a 2-1 victory on Jan. 26, 1993, when the franchise was based in Minnesota.

Dallas won for only the seventh time (7-16-4) in 27 road games. The Maple Leafs, who got goals from Dave Gagner and Doug Gilmour, lost their fifth straight.

Canadiens 7, Penguins 3 In Montreal, Martin Rucinski and Mark Recchi had two goals apiece as the Canadiens extended Pittsburgh's winless streak in Montreal to 12 games.

The Penguins, who got two goals from Jaromir Jagr and an assist from Mario Lemieux, have lost four of five times against the Canadiens this season. The Canadiens are 10-0-2 at home against Pittsburgh since October 1988.

The Canadiens also got goals from Saku Koivu, Andrei Kovalenko and Scott Fraser.

Blues 2, Kings 2 In St. Louis, Missouri, Shayne Corson's goal with 1:59 remaining gave St. Louis a tie with Los Angeles.

The Kings, who are 5-20-8 away from home, have not won a road game since beating San Jose, 5-2, on Jan. 5.

St. Louis' goaltender Grant Fuhr, who has started all 61 games for the Blues, stopped 22 Los Angeles shots. Fuhr has allowed two goals or less in 29 of those games. Kelly Hrudey made 31 saves for the Kings.

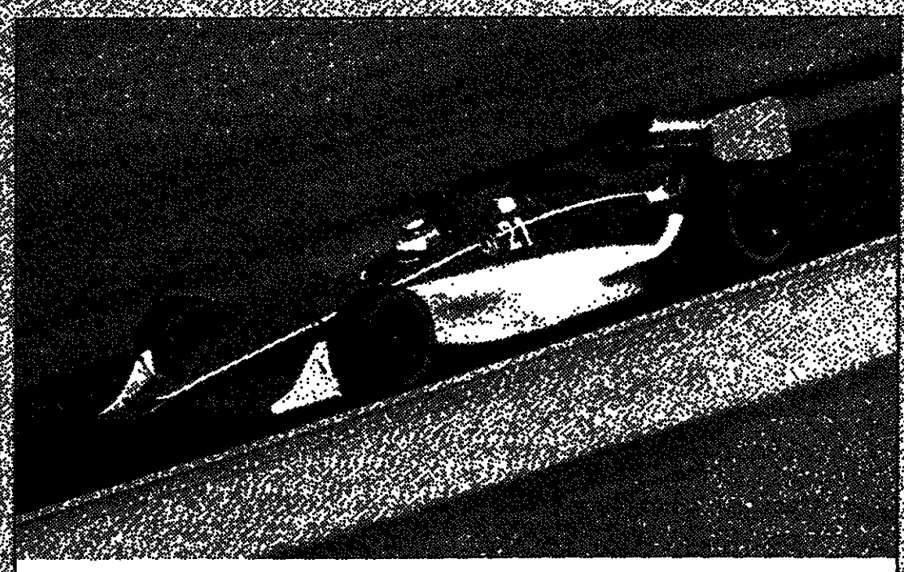
Bruins 2, Flames 1 In Calgary, Alberta, Tim Sweeney's goal midway through the third period gave Boston a victory over Calgary.

Sweeney, a former Flame, deflected a shot by Rick Zombo from just inside the blue line past goaltender Rick Tabaracci at 9:37, breaking a 1-1 tie.

Rick Tocchet also scored for Boston, which extended its record against Calgary to 4-0-1.

NHL ROUNDUP

THIS WEEK ON EUROSPORT



Former F1 star Mark Blundell crosses the Atlantic to compete in the 1996 IndyCar World Series; can he repeat the success of Nigel Mansell in 1993? Will Buster Mathis jr get over the disappointment of losing to Mike Tyson as he takes on Kenny Smith (USA)?

IndyCar : 3 March, LIVE, The PPG IndyCar World Series, Miami, Florida.
The Homestead Motorsports Complex, Miami, is the venue for the first round of the 1996 IndyCar championship. Mark Blundell races on an oval for the first time as he bids for success in America's premier motor racing series.

Boxing : 27 Feb, LIVE, Buster Mathis jr (USA) v Kenny Smith (USA).
Buster Mathis jr needs to beat Kenny Smith in this 10 round heavyweight contest from Sun City if he is to put his career back on the world stage.

Tennis : 28 Feb - 3 March, LIVE, The ATP Italian Indoor Championship.
Thomas Muster and Boris Becker lead a strong field at the Palatrussardi Stadium, Milan. Becker has dominated this tournament with 4 wins in recent years.

Golf : 29 Feb - 3 March, the PGA Catalonia Open.
Tarragona, Spain is the venue for Europe's first tournament of the year. Last years event provided Swede Robert Karlsson with his first Tour victory.

Formula One : 28 Feb & 2 March, Grand Prix Magazine. The Season Preview.
With the F1 season just weeks away Grand Prix Magazine brings you the ultimate guide to the new cars, drivers and circuits for the 1996 season.

Eurosport, the sports TV channel for Europe, covering the best action from Europe and around the world, is available throughout Europe, via cable and satellite.

WORLD ROUNDUP

Rematch for Botha

BOXING Frans Botha of South Africa must give a rematch to Axel Schulz of Germany because of a trace of a steroid found in Botha's system after he won the IBF heavyweight title in a split decision on Dec. 9.

The IBF Executive and Championship Committees also fined Botha $50,000. The rematch must take place within 180 days, with the stipulation that neither fights in the interim. The winner then has 120 days to defend the title against the former champion Michael Moorer.

• Terry Norris stopped Vincent Pettway with his third knockdown of the fight in the eighth round in Richmond, Virginia, to retain the WBC superwelterweight and IBF junior middleweight titles.

• Saman Sor Jaturong of Thailand retained his WBC light flyweight title with a fourth-round technical knockout in Bangkok of Antonio Pérez of Mexico.

• Venezuelan Alimi Goitia successfully defended his WBA junior bantamweight title, stopping Lee Hyung-chul of South Korea in the 12th round in Seoul. *(AP)*

Elliott Switches to Jets

FOOTBALL Jumbo Elliott, a mainstay of the Giants offensive line for eight years, used the free-agent route to move to New York's other National Football League team, the Jets.

Elliott agreed to a five-year deal said to be worth about $15 million. It was another major step for the Jets after a 3-13 season record, worst in the NFL. *(AP)*

Foschi's Ban Overturned

SWIMMING The American distance swimmer Jennifer Foschi's sanction for testing positive for steroids was lightened from a two-year suspension to her original two-year probation.

In announcing their decision to reverse Foschi's sentence a second time, U.S. Swimming officials cited the "strong warning" — as opposed to a suspension — given by the International Swimming Federation to the Australian world champion Samantha Riley for failing a drug test.

Foschi, 15, tested positive for the anabolic steroid mesterolone in August and initially was given a two-year probation which was later stiffened into a two-year ban. *(AP)*

Graf Plans to Hire Tiriac

TENNIS Steffi Graf plans to hire the Romanian Ion Tiriac as her new manager, Der Spiegel magazine reported. A contract with Tiriac has been drawn up but not yet signed, the weekly said.

The magazine said the player's father, Peter Graf, in jail since August as part of a tax-evasion probe, had advised against hiring Tiriac, a successful entrepreneur who was once a leading player.

• Jennifer Capriati's comeback ended as she succumbed to a thigh strain and Jana Novotna at the Faber Grand Prix in Essen, Germany. Novotna beat Capriati, 7-6 (8-6), 2-6, 6-3, in the quarterfinals, then was beaten in the final Sunday by Iva Majoli of Croatia, 7-5 1-6 7-6 (8-6). *(Reuters)*

Murdoch Will Persist

RUGBY The media magnate Rupert Murdoch remains committed to an Australasian Super League rugby league competition despite suffering a court reversal.

Murdoch said Sunday that his organization would continue to stand by the players and clubs loyal to the Super League, which had been scheduled to kick off on March 1. *(AP)*

South Africa Crushes England by 78 Runs

Pakistan Wins Rain-Shortened Match; Sri Lanka Gains on West Indies' Forfeit

Reuters

RAWALPINDI, Pakistan — South Africa recorded its seventh victory in eight matches over England on Sunday with a crushing 78-run victory in the World Cup Group B clash.

Hansie Cronje's team scored 230 from exactly 50 overs after winning the toss, then restricted their opponents to a paltry 152 from 44.3 overs in reply.

England, beaten by New Zealand in the tournament's opening match, contributed to its own demise with some patchy fielding and abject batting, but

WORLD CUP CRICKET

South Africa still looked a class apart in all aspects of the game.

None of their players topped 40, but contributions from Gary Kirsten, who made 38, Jonty Rhodes, whose 37 took just 32 balls, and 34 from Darryl Cullinan ensured a good total.

Peter Martin was the pick of the England attack with three for 33, while his fellow seamers Dominic Cork and Darren Gough took two wickets each.

Needing to score at 4.62 runs an over, England was in trouble from the moment captain Michael Atherton was caught behind off Shaun Pollock from the fourth ball of the innings without a run on the board.

It managed just nine fours and a six in the whole of its innings and only Graham Thorpe, with a battling 46, held the South African attack up for any length of time. Off-spinner Pat Symcox was in outstanding form, claiming two for 38, while the pace trio of Pollock, Craig Matthews and Fanie de Villiers also took two wickets apiece.

The victory leaves South Africa with a 100 percent record from its three matches in the tournament and guarantees a place in the quarterfinals.

In four matches so far England has beaten only the Netherlands and the United Arab Emirates.

Cronje would not be drawn on South Africa's Cup chances, saying: "We are just taking things match by match."

Coach Bob Woolmer added: "We played well and are playing good cricket, it is now a question of keeping this level of intensity going."

Atherton lived up to the nickname of "Captain Grumpy," earned in South Africa for his unsmiling demeanor, during the post-game news conference. First, he refused a reporter's request to speak up, then he lost patience with the questioning of a local journalist, saying: "Would someone please remove this buffoon."

Questioned about his team's performance with the bat, he said: "We're not batting with any flair or confidence and too many of us are out of form with the exception of Graeme Hick and Graham Thorpe."

Atherton himself now has only 31 runs in four matches in the tournament, but he played down his lack of form, saying: "I'm not really worried.

"I've had a good run for two or three years now so you expect the odd bad trot, but we have now got a week of practice in Karachi before our next match against Pakistan.

"The practice facilities haven't been ideal so far but we are expecting them to be much better there. We have a practice match arranged for Friday and I hope we can use the time for some of us to find some confidence, which is all we need."

On Saturday in Gujranwala, Pakistan began its World Cup defense by cruising to a nine-wicket victory over the United Arab Emirates in a rain-shortened Group B match.

After heavy overnight rain had reduced the game from 50 to 33 overs, the Emirates managed only 109 for nine against the varied pace, swing and spin of the Pakistani attack.

Leg-spinner Mushtaq Ahmed, who was named man of the match, was the chief destroyer with three for 16 from his seven overs.

Pakistan lost an early wicket when Aamir Sohail hit across a straight delivery from Johanne Samarasekera and was bowled for five.

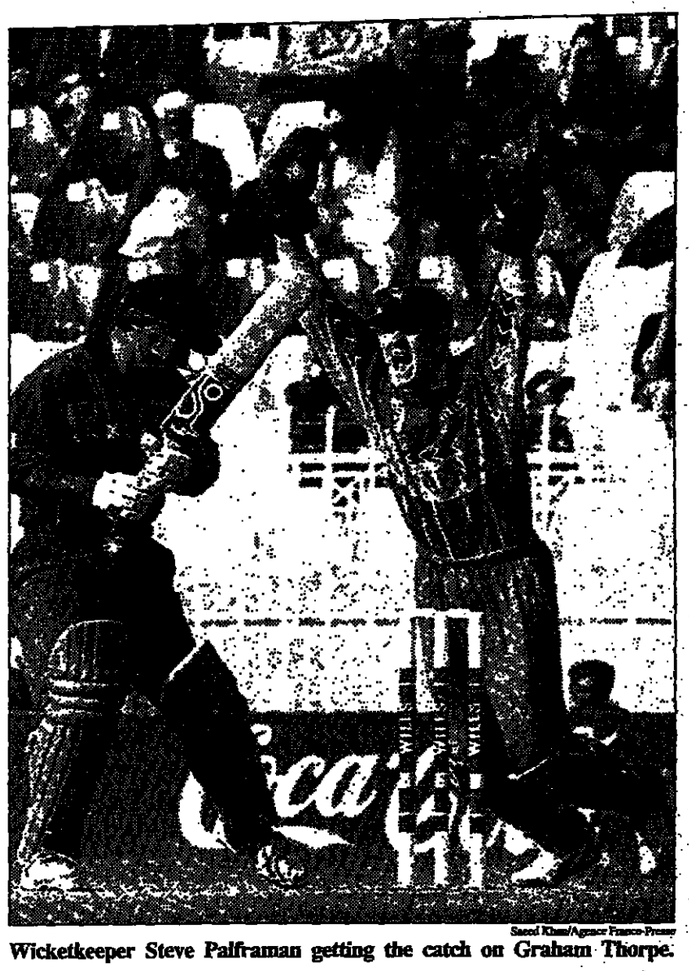
But Saeed Anwar and Ijaz Ahmed then made light of some inaccurate bowling and shoddy fielding from the weakest team in the competition to stoke Pakistan to victory after just 18 overs, bringing up its 100 partnership after 17.3 overs.

Ijaz finished with exactly 50, completing his half-century in the final over, while Saeed scored 40.

Sri Lanka went to the top of Group A without bowling a ball on Sunday as the West Indies forfeited its match in Colombo. Sri Lanka was awarded two points because of the forfeiture by West Indies, which refused to travel to the island after a bomb explosion in Colombo on Jan. 31 killed more than 80 people and injured 1,200.

The Sri Lankans also picked up two points when Australia pulled out of its Feb. 17 match for the same safety reasons as West Indies.

Sri Lanka leads Group A with six points, while the second-place co-host India has a maximum four points from two games.



Saeed Khan/Agence France-Presse

Wicketkeeper Steve Palframan getting the catch on Graham Thorpe.

Stich Beats Ivanisevic With Aces

The Associated Press

ANTWERP, Belgium — Michael Stich of Germany dominated Goran Ivanisevic, 6-3, 6-2, 7-6 (7-5), to win the $1 million European Community Championships on Sunday and end the Croat's winning streak at 14 matches.

It was only the second tournament for Stich since he suffered an ankle injury in October, but his big serve and volley game showed no apparent loss of form.

"This was more than I expected," Stich said after taking less than 90 minutes to record the victory.

A frustrated and rattled Ivanisevic also helped.

Using 20 aces to beat top-seeded Boris Becker on Saturday, Ivanisevic again employed his serve to get a quick start. He had three aces in his first game and fired four more winning serves in the second.

But Stich, who didn't lose a set all week, remained patient, waiting for Ivanisevic, who was seeking his third straight title, to beat himself.

"I like to play him. I can read his serve," said Stich, who beat Ivanisevic for the fifth straight time.

Without warning, Ivanisevic's serves lost their speed and Stich began passing the Croat with ease.

"Whenever I served, the ball came back. First, second serve, whatever," Ivanisevic said.

Ivanisevic double faulted away a game, and when Stich earned set point, he converted with a drop shot, a rare show of finesse on the artificial turf.

That accelerated Ivanisevic's frustration, and he began spraying his shots wide and long.

"It's annoying when you don't get any chance on his serve. I couldn't even get close," Ivanisevic said.

In his first nine rushes to the net, Ivanisevic didn't win a single point. Then he started losing his serve, including a game at love to trail 2-5 in the second.

Ivanisevic recaptured some of his form in the third set but it was too late. Stich never faced break point in the set.

Tomba Takes Charge For 2d Gold Medal

Reuters

SIERRA NEVADA, Spain — Alberto Tomba, jeered at the start and cheered at the finish, charged to slalom gold and his second title at the Alpine skiing world championships on Sunday.

The Italian star, who had never won a world championship race before Sierra Nevada, put in a perfect second run down the Neveros piste for a combined time of one minute 42.26 seconds.

Mario Reiter of Austria took the silver medal, 0.31 seconds behind the triple Olympic gold medalist, and Michael Von Grünigen of Switzerland was third in 1:42.81.

Tomba, who won the giant slalom title on Friday, was only sixth after the first leg, won surprisingly by Norway's 1992 Olympic champion, Finn-Christian Jagge, who has been struggling with his form this season.

But the 29-year-old Italian, who upset the Spanish fans before his arrival last week when he was reported comparing the Spanish resort to Morocco, had a remarkable second run down the 61-gate course.

As the crowd saw his intermediate time and realized they were witnessing something out of the ordinary, the early whistles that had greeted his departure were replaced by mounting applause.

"This is one of the best races I have ever run," Tomba declared after the race which closed the two-week championships with Italy at the top of the medals table. "I was just going for a medal. To win two golds is beyond my wildest dreams."

Italy ended the championships with four gold medals — double the tally of Sweden, the nearest nation.

Tomba's second gold meant he shared the honors of best skier at the championships with Pernilla Wiberg of Sweden, who won the women's slalom Saturday as well as the combined title. He also became the first Italian to win a championship slalom gold in 20 years, since Piero Gros triumphed at the 1976 Innsbruck Olympics which doubled as world championships.

Tomba won two gold medals at the 1988 Calgary Olympics but he told reporters he considered his two titles in Spain a greater achievement.

"I think this is an even bigger achievement. These are medals I had to really work and suffer for," said Tomba.

He said his first run had been tough and he had not taken any chances. "I didn't feel like taking any risks but I had nothing to lose in the second run," he said.

Von Grünigen, the World Cup giant slalom champion, said he had just been looking for a "good solid run" after finishing fifth in the first leg but had not succeeded.

"With the mistake I made on the second run I was lucky to get the bronze. I have never skied so aggressively in my life," said the Swiss who also won the bronze in the giant slalom.



Eric Feferberg/Agence France-Presse

In a perfect second run, Alberto Tomba outraced Mario Reiter and Michael Von Grünigen for his second title.

"I would normally prefer the gold but I'm happy with this one. In the giant slalom I had to win a medal. Here, this other medal is a bonus."

Reiter, winner of the slalom half of the combined event in which he finished just out of the medal positions in fourth, was happy to be on the podium at last.

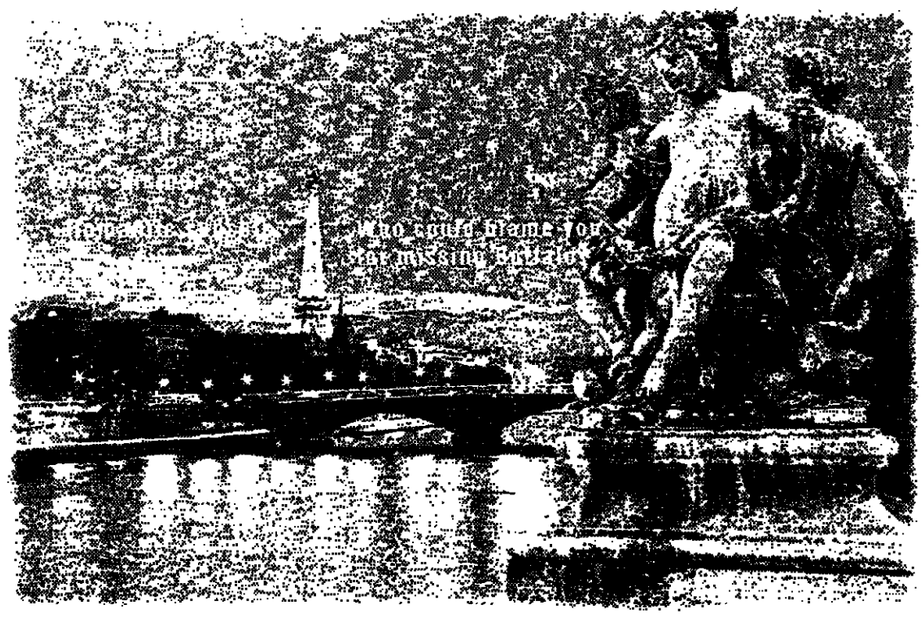
"After the fourth place in combined, I was going for gold but I really can't complain about the silver," he said.

Wiberg won the women's slalom Saturday in a combined time of one minute and 31.46 seconds.

Patricia Chanvet of France won the silver medal in 1:32.32, and Urska Hrovat of Slovenia was third in 1:33.33.

Wiberg, who was the world champion in giant slalom in 1991 and Olympic giant champion in 1992, has now won a major title in all three technical disciplines. The Swede was second after the first leg, 0.05 seconds behind Hrovat who was chasing Slovenia's first gold medal at a world championships since the Alpine nation won independence from the old Yugoslav federation in 1991.

But Hrovat was unable to hold her fragile lead after making one or two slight mistakes on the upper part of the 58-gate piste set by her own team coach, Marco Jurjec.



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